



Daily Report

China

FBIS-CHI-88-137
Monday
18 July 1988

Daily Report China

FBIS-CHI-88-137

CONTENTS

18 July 1988

INTERNATIONAL AFFAIRS

General

Envoys Speak at UN Session on Airliner Incident	1
U.S. Responsibility Urged	1
Ambassador Li Luye Speaks	1

United States & Canada

Further Reportage on U.S. Secretary Shultz' Visit	2
On Meeting With Li Peng [RENMIN RIBAO 16 Jul]	2
Holds Talks With Deng Xiaoping [RENMIN RIBAO 16 Jul]	2
Discusses Reunification With Zhao [RENMIN RIBAO 16 Jul]	3
Holds News Conference	4
More on News Conference	4
Dinner Toasts Exchanged With Qian	5
Hong Kong Media Comments on Shultz Visit	5
View of Statement on Cambodia [Hong Kong HSIN WAN PAO 16 Jul]	5
Editorial on Talks With Leaders [Hong Kong WEN WEI PO 16 Jul]	6
Economic Meeting Held, Kissinger Heads U.S. Group	7
Symposium Opens	7
More on Opening [CHINA DAILY 16 Jul]	8
Group Briefed by Li Peng	8
Meets With Zhao Ziyang	9
Received by Yang Shangkun	9
Kissinger Holds News Conference	9
Tian Jiyun Speaks at Closing Session	10
U.S. Drought Drives Up World Food Prices	11
Increasing Acreage in U.S. Should Offset Drought	12

Soviet Union

Agreement Reached With USSR To Simplify Travel	12
No Visa Needed for Business Trips	12
More on Agreement	12
BEIJING REVIEW on CPSU Conference [11-17 Jul]	13

Northeast Asia

Agreement To Protect Japanese Investments Reached [KYODO]	13
Joint Investment Fund With Japanese Firms Slated	14
Tian Jiyun Briefs Japanese Guests on Price Reform	14
Leaders Meet With Isuzu President, Delegation	14
Hold Talks With Bo Yibo	14
Meet Zhou Jiahua	14
Japan-China Youth Training Group Meets Leaders	14
Received by Hu Qili	14
Holds Talks With Gu Mu	15
NPC Delegation Ends DPRK Visit 15 Jul	15
Envoy to DPRK Marks Treaty Signing at Banquet	15

Daily Report

China

FBIS-CHI-88-137

CONTENTS

18 July 1988

INTERNATIONAL AFFAIRS

General

Envoys Speak at UN Session on Airliner Incident	1
U.S. Responsibility Urged	1
Ambassador Li Luye Speaks	1

United States & Canada

Further Reportage on U.S. Secretary Shultz' Visit	2
On Meeting With Li Peng [RENMIN RIBAO 16 Jul]	2
Holds Talks With Deng Xiaoping [RENMIN RIBAO 16 Jul]	2
Discusses Reunification With Zhao [RENMIN RIBAO 16 Jul]	3
Holds News Conference	4
More on News Conference	4
Dinner Toasts Exchanged With Qian	5
Hong Kong Media Comments on Shultz Visit	5
View of Statement on Cambodia [Hong Kong HSIN WAN PAO 16 Jul]	5
Editorial on Talks With Leaders [Hong Kong WEN WEI PO 16 Jul]	6
Economic Meeting Held, Kissinger Heads U.S. Group	7
Symposium Opens	7
More on Opening [CHINA DAILY 16 Jul]	8
Group Briefed by Li Peng	8
Meets With Zhao Ziyang	9
Received by Yang Shangkun	9
Kissinger Holds News Conference	9
Tian Jiyun Speaks at Closing Session	10
U.S. Drought Drives Up World Food Prices	11
Increasing Acreage in U.S. Should Offset Drought	12

Soviet Union

Agreement Reached With USSR To Simplify Travel	12
No Visa Needed for Business Trips	12
More on Agreement	12
BEIJING REVIEW on CPSU Conference [11-17 Jul]	13

Northeast Asia

Agreement To Protect Japanese Investments Reached [KYODO]	13
Joint Investment Fund With Japanese Firms Slated	14
Tian Jiyun Briefs Japanese Guests on Price Reform	14
Leaders Meet With Isuzu President, Delegation	14
Hold Talks With Bo Yibo	14
Mer: Zhou Jiahua	14
Japan-China Youth Training Group Meets Leaders	14
Received by Hu Qili	14
Holds Talks With Gu Mu	15
NPC Delegation Ends DPRK Visit 15 Jul	15
Envoy to DPRK Marks Treaty Signing at Banquet	15

Southeast Asia & Pacific

Sihanouk Denies Verbal Attack on PRC	15
XINHUA Confirms Sihanouk To Visit Japan	16
Thai Foreign Ministry Official Ends Visit	16
Li Peng, Others Meet, Host Singaporean Adviser	16
Wu Xueqian Hosts Dinner	16

Near East & South Asia

Abu Dhabi Paper Cited on U.S. Missiles 'Offer' [Abu Dhabi WAM]	16
Zhou Jiahua Meets With YAR's Al-Kurshumi	17

Sub-Saharan Africa

Guinean Leader Tours Jiangsu, Meets Governor	17
Jilin Secretary Hosts Delegation From Djibouti	17
'Mass Rally' Demands Release of Nelson Mandela	17
New Ambassador Presents Credentials in Nigeria	18
CPPCC Group Leaves on African Goodwill Trip	18

West Europe

Shandong Secretary Briefs French Cadre Group	18
Shandong Vice Governor Receives FRG Delegation	19
Shenzhen, Italian Province Set Cooperative Ties	19
NPC's Lei Jieqiong Hosts Irish Women's Group	19
Greek Minister Cited on Cruise Ship Attack Probe	19

East Europe

Li Xiannian Hosts Hungarian Front Officials	19
'News Analysis' Assesses Warsaw Pact Summit	20
'Round-Up' Views Gorbachev's Visit to Poland	20

Latin America & Caribbean

CPC's Rui Xingwen Briefs Argentine Journalist	21
---	----

NATIONAL AFFAIRS

RENMIN RIBAO Commentator on Corruption [16 Jul]	22
Li Peng, State Council Discuss Economy	23
Court Rejects Appeal by Student's Killers	25
QIUSHI Editors Outline Journal's Goals [1 Jul]	25
Manuscripts Sought for QIUSHI Columns [1 Jul]	26
Outstanding CPC Members Recognized at Meeting	27
Supreme Court President Speaks on Rise in Crime	27
Nationwide Protection for Youth Urged	28
Public Security Ministry Puts Newspaper on Sale	28
Various Level Governments To Try Civil Service	29
Reevaluation of Hu Feng, Other Figures Viewed [Hong Kong LIAOWANG OVERSEAS EDITION 11 Jul]	29
Zhao Ziyang Stresses Good Public Relations	30
Zhao Ziyang Hails Book Series on Development	31
Zhao Ziyang Attends Defense College Graduation	31
Zhao, Yang, Yao at PLA Demobilization Meeting	32
Li Tieying Inspects Qinghai, Stresses Education	32
Gives Views on Gansu Education	33
Tian Jiyun Attends Agricultural Signing Ceremony	33
Chi Haotian Calls for Rectifying Army Style	33

Satellite Communication Station Developed	34
XINHUA To Begin Satellite Transmission System	34
Energy Targets Reached Ahead of Schedule	34
Forum on Theory of Army Reform Ends	34
PLA Air Force Commends Outstanding Air Division	35
Meeting on Resettling Demobilized Cadres Ends	35
Regulations on PLA Medals of Honor	36
Investment Management Shifts to Corporations	37
Vice Minister Urges Controlling State Deficit [<i>CHINA DAILY 18 Jul</i>]	37
LIAOWANG on Socialist Commodity Economy [<i>LIAOWANG 4 Jul</i>]	37
Paper Cited on Plant Directors' Reform Pleas	39
New Commercial Order Called For	39
Mergers 'Third Tide' in Enterprise Reform	40
State Council Circular on Liquidating Inventory	40
Circular on Approving Foreign-Funded Enterprises	41
Finance Official Notes Tax Collection Problems	42
Paper Outlines Price Stabilization Measures	42
Planning Commission Stresses Economic Efficiency	43
Ministries Act To Move Surplus Pork Stockpiles	43
Promotion of Nonpork Meat Production Predicted	44
He Kang Warns of Chemical Fertilizer Overuse	44
Heat Wave Damages Crops, Spreads Disease [<i>CHINA DAILY 18 Jul</i>]	44
QIUSHI #2 Table of Contents Published [<i>RENMIN RIBAO 15 Jul</i>]	45

REGIONAL AFFAIRS

East Region

Fujian Enterprises Sign Contracts Worth Billions [<i>Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 16 Jul</i>]	46
Jiangsu Reports Increase in Industrial Output	46
Shandong, South Korea Seeking Sea Links [<i>Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 16 Jul</i>]	46
Shandong People's Congress Holds Plenary Session	47
Shandong Releases Circular on Officials' Honesty	47
Jiangxi's Wu at Grain Production Meeting	48
Foreigners Play Greater Role in Shandong Ventures	49
Shandong Congress Holds Committee Meeting	49
Shandong Industrial City Seeks Foreign Investment	49
Shanghai GNP Up 7.4 Percent in 1st Half of Year	50
Zhejiang's Xue Ju on Party Members' Reform Role [<i>ZHEJIANG RIBAO 2 Jul</i>]	50
Retarded Women Sterilized in Zhejiang Town	50

Central-South Region

Mob Attacks Guangdong Tax Inspectors, 17 Arrested [<i>AFP</i>]	51
Guangdong Capital's Mayor Urges Price Reforms	51
University Graduates Demonstrate in Hainan [<i>Hong Kong HONGKONG STANDARD 18 Jul</i>]	51
News Conference Held	52
Henan Reports Semiannual Industrial Achievements	53

Southwest Region

Sichuan Leader Urges Tackling Reform Issues	53
Tibet Leader Stresses Economic Development	53
Tibet People's Congress Meeting Concludes	54
Tibet Leader Stresses Public Order Work	54
Tibet Commentator Urges Studying Qiao Shi Speech	55
Tibetan-Nepalese Talks on Cooperation Held	56

North Region

Beijing Assimilates Imported Technology	56
Insurance Business Grows in Beijing	57
Beijing Suburbs Reap Third Bumper Harvest	57
Beijing Official Reports on Water Shortage	57
Beijing Tightens Air Pollution Control	58

Northeast Region

Heilongjiang Trade Delegation Leaves for USSR	58
Heilongjiang 1st Half Economic Achievements	58
Heilongjiang Discipline Commission Report [HEILONGJIANG RIBAO 8 Jun]	59
Heilongjiang's Sun Weiben on Police Forces Tasks	60
Heilongjiang To Receive Loan To Develop Daqing	61
Jilin Holds Trade Fair in Soviet Union	61
USSR Trade Delegation Ends Liaoning Visit	62

Northwest Region

Gansu Leaders Report on Visit to Guangdong	62
Stress Discipline, Supervision	62
Stress Developing Hexi	62
Shaanxi CPC Views Productive Forces Issues	62
Shaanxi Discusses Industrial Arrangements	63
Shaanxi City Police Breaks Narcotics Ring	63
Xinjiang Governor on Opening to Outside World	64

PRC MEDIA ON TAIWAN

KMT Congress Urged To Cooperate With Mainland	65
11 Jul LIAOWANG Article [Hong Kong]	65
CHINA DAILY Commentary [16 Jul]	66
Three-No Policy Change Urged	67
Taiwan-Fujian Telephone Traffic Increases	68

TAIWAN

Partial Cabinet Reshuffle Expected 'Soon'	69
Taipei Radio on New Central Standing Committee	69
ROK Criticized for Calling PRC 'China'	69
More on 'Unfriendly' Behavior	70
Taiwan Groups To Stay in Hong Kong After 1997 [KYODO]	70
Opening Up Quickens; No Decision on Beijing Games	
President Li Commends Diplomatic Mission Chiefs	70
Premier Urges 'Flexible' Diplomacy	71
Government To Exercise Caution on Mainland Imports	71
Manufacturers Reluctant To Use PRC Materials	72
Taipei Views U.S.-PRC Weapons Dispute	72
Official Departs for U.S. Democratic Convention	73

HONG KONG & MACAO

Hong Kong

Secretary Says Onus for Refugees Rests With SRV [HONGKONG STANDARD 16 Jul]	74
Royal Navy Sends First Ships Home [HONGKONG STANDARD 16 Jul]	74
British Foreign Secretary Comments on Basic Law [XINHUA]	75
Council Debate on Basic Law Shows Dissent [HONGKONG STANDARD 16 Jul]	75

General

Envoys Speak at UN Session on Airliner Incident

U.S. Responsibility Urged

OW1607032188 Beijing XINHUA in English
0040 GMT 15 Jul 88

[Text] United Nations, July 15 (XINHUA)—Most members of the UN Security Council today deplored the tragedy in which the United States shot down Iran Air Flight 655 on July 3, and expressed regrets at the loss of life as the council met for the second day at the request of Iran to consider the incident.

Delegates also generally directed their attention to the larger context of the peace and security of the Gulf region.

Ambassador John Birch of Britain, whose government has defended the U.S. action following the incident, said that the latest loss of life was a further tragic episode in a wider conflict which had pitted two nations (Iran and Iraq) in a battle.

He also said it was entirely appropriate for any naval forces in the Gulf to exercise the right to self-defense.

The United States has been insisting that USS "Vincennes" mistakenly shot down the Iranian airliner in an act of self-defense. All 290 passengers on board were killed.

Jai Pratap Rana, permanent representative of Nepal to the U.N., noted that while the tragedy on its own deserved the full and urgent attention of the council, it also highlighted even further need for restraint and reconciliation in the Gulf.

Representatives from Third World countries also pointed out that the tragedy was the primary consequence of concentration of foreign forces in the Gulf. Mohammad H. Al-Shaali, permanent representative of United Arab Emirates said that the United States must bear full responsibility for the tragedy.

Ambassador Dragoslav Pejic of Yugoslavia stated that the numerous explanations of a military and technical nature regarding the circumstances leading to the tragic incident were "hardly acceptable" to his government.

Chinese Permanent Representative Ambassador Li Luye noted that the United States should face squarely the question of responsibility and take strict measures to avoid any recurrence of similar incidents.

Nearly all speakers stressed the need for the full implementation of Security Council Resolution 598 adopted almost a year ago that mandates an immediate ceasefire between Iran and Iraq.

Soviet delegate Valentin Lozinskiy stated that the United States was wholly responsible for the tragedy. He said that the U.S. fleet must leave the Gulf without delay and reiterated his government's proposal for establishing a UN naval force to be deployed in the Gulf.

However, Iranian Foreign Minister 'Ali Akbar Velayati rejected the idea at a press conference earlier this morning. "The countries in the region are able to safeguard their own security," he said.

Iran, he stated, is ready to cooperate with the other littoral states of the region, and continue the dialogue with the Gulf Cooperation Council states for the common security of the region.

France, Italy, the Federal Republic of Germany, Japan, Senegal, and Algeria were the other member states that spoke at today's meeting. The council will meet again next Monday to hear from more speakers.

UN sources say that council members will continue their consultations over the weekend to work out a consensus statement to be issued by the council president on Monday.

Ambassador Li Luye Speaks

OW1507181688 Beijing XINHUA in English
1750 GMT 15 Jul 88

[Text] United Nations, July 15 (XINHUA)—China today said that the United States has "unshirkable responsibility" for the downing of the Iranian Airliner on July 3 which killed all 290 people on board.

"The question of responsibility should not be ignored if a repetition of such a tragedy is to be avoided," Chinese Permanent Representative Ambassador Li Luye told the Security Council which has been meeting here since yesterday to discuss the Iranian airliner incident at the request of the Iranian Government.

He expressed the hope that the United States would face this question squarely and take strict measures to avoid any recurrence of similar incidents.

On July 3, a U.S. warship shot down with missiles an Iranian airliner in the Gulf region, causing the death of 290 innocent civilian passengers on board including children.

"We were shocked by the tragedy and condemn this action," said Ambassador Li, who was among the 12 Security Council members on today's list of speakers.

Expressing the Chinese Government's concern about the safety of International Civil Aviation, the ambassador called for strict observation of the rules of international law that prohibit military actions and acts of violence threatening the safety of International Civil Aviation and its normal operation.

He said that the Chinese Government agrees to a full and fair investigation into the incident by relevant international bodies, and called on the parties concerned to provide full cooperation.

He also thought compensation to the bereaved families was only proper.

The ambassador reaffirmed China's opposition to big power military involvement in the Gulf region. "Such involvement does not help with peace and stability in the region, but further complicates the situation there and may further exacerbate the conflict at any time," he said.

While calling for the withdrawal of big power military presence from the Gulf, he said that "the Gulf affairs should be handled by the Gulf countries themselves through consultations."

Li said that the downing of the Iranian airliner cannot but arouse the serious concern of the international community for the Iran-Iraq war, which has been going on for almost eight years.

He once again appealed to Iran and Iraq to "cooperate with the U.N. secretary-general and the Security Council in good faith with a view to reaching a comprehensive and just settlement of the conflict" between them on the basis of Security Council Resolution 598 which calls for an end to the war.

United States & Canada

Further Reportage on U.S. Secretary Shultz' Visit

On Meeting With Li Peng

HK1807101288 Beijing RENMIN RIBAO in Chinese
16 Jul 88 p 1

[XINHUA report: "While Briefing Shultz on China's Economic Development, Li Peng Says That Sino-American Trade Has Broad Prospects"]

[Text] Beijing, 15 Jul (XINHUA)—This morning, State Council Premier Li Peng briefed American Secretary of State George Shultz on the economic development situation in China.

Li Peng said: China's aim is to establish a new order of the socialist commodity economy. At present, although China's economy is growing fast, there are problems demanding close attention, such as price increases, excessive capital construction and imbalanced distribution, and so on. He told his American guest: China is now adopting a series of measures to solve these problems to ensure the in-depth development of its reforms.

Li Peng pointed out: China's economic system is now undergoing a great transformation. To realize this transformation in a smooth manner, China needs a stable

political situation, a political government, and a vigorous promotion of democracy, so that the people will understand, support and supervise their country.

Shultz replied that such a view is very wise.

While talking about agriculture, Li Peng said: It is a strategic task for the Chinese Government to develop agriculture and increase grain output. It will not do for a country with 1 billion people to depend on grain imports. No country in the world is capable of providing so much grain.

Li Peng added: Considering its growing population, China has to redouble its efforts to promote grain production.

Shultz said: The Chinese people are full of vitality, and the Chinese economy is full of vigor. He also expressed the hope of learning more about the development of the Chinese economy. He stressed: This will be beneficial to both sides.

Li Peng also talked about the development of Sino-American economic relations. He stressed: Their trade volumes are not large enough. However, judging from development, the trade between the two countries has broad prospects.

He continued to say: With China gradually becoming rich and powerful, it will import more goods from the United States. He hoped that the United States would open its market for Chinese goods.

Li Peng also exchanged views with Shultz on some important international issues.

This morning, Vice Premier Tian Jiyun had breakfast with Shultz at the Diaoyutai State Guesthouse. This afternoon, Vice Premier Wu Xueqian hosted Shultz at the Fangshan Restaurant in Beihai Park.

Holds Talks With Deng Xiaoping

HK1807102488 Beijing RENMIN RIBAO in Chinese
16 Jul 88 p 1

[Report by Zhang Liang (1728 0081): "Deng Xiaoping Meets Shultz, Says China Needs a Good International Environment If She Is To Pass the Hurdles"]

[Text] Beijing, 16 Jul (RENMIN RIBAO)—When meeting with U.S. Secretary of State George Shultz in the Great Hall of the People this morning, Chairman of the Central Military Commission Deng Xiaoping said: China is now storming a pass, carrying out its reform in depth, and furthering its opening up process. We are not afraid of stormy waves, but will pass all the hurdles braving the wind and the waves.

Deng Xiaoping continued: If we manage to pass the present hurdles, we will be able to create favorable conditions for the country's development in the next century. In passing the hurdles China should mainly rely on its own people's efforts. In the meantime, a favorable international environment can help reduce China's difficulties. We hope that all countries will join efforts in establishing a new international economic order.

Deng Xiaoping also noted: The poor countries need development, and the rich ones need further development too. However, the development of developed countries should not be made on the basis of continued poverty of those countries, whose population accounts for three-fourths of the world's total. Agreeing with Deng Xiaoping on this view, Shultz pointed out that China has very good prospects for development. He also said: People are particularly interested in the efforts made by China's coastal economic development zones to increase exports, and they are also deeply impressed by the reform that China is currently engaged in, including the reform of the political structure and the price reform.

Deng Xiaoping briefed the guest on the progress of reform in China. He said: On the question of reform there is no conservative faction in China. The leadership has a consensus on reform, and the people of the whole country favor reform.

As for the issue concerning Sino-U.S. relations, Deng Xiaoping said: The development of Sino-U.S. relations in recent years has been relatively smooth. Of course, there are some problems. It is normal that there are some differences of opinion between us since we are two countries. In brief, China and the United States are two big countries and there is room for development in both countries. With a view to world peace and the interests of the world people, we should continue to develop friendly relations.

During the meeting, the host and the guest also exchanged views on a political solution to the Cambodian question and on other international issues.

Discusses Reunification With Zhao

HK1807110088 Beijing RENMIN RIBAO in Chinese
16 Jul 88 p 1

[XINHUA report: "Zhao Ziyang Meets With Shultz and Talks About the Issue of the Reunification of China"]

[Text] Beijing, 15 Jul (XINHUA)—Today when General Secretary of the CPC Central Committee Zhao Ziyang met with the American Secretary of State George Shultz, he talked about the issue of the reunification of China.

Zhao Ziyang said: At the recent "13th national congress" of the KMT, the KMT leaders made some remarks on the relations between the two sides, which are not in line with the current situation. We expect them to make such remarks. They had to say these things. But we note that

they have some positive ideas. Some individuals in particular have put forward some good opinions and tentative ideas on how to further improve relations on both sides of the Taiwan Strait. We appreciate this.

Zhao Ziyang added: The issue of the reunification of China has always aroused concern from people of all walks of life both at home and abroad. With regard to the realization of the reunification of the state, both sides of the strait have a lot in common and deep foundation in terms of politics, culture and cultural tradition. First, both sides of the Strait uphold the policy of one China, agree that Taiwan is an inalienable part of China, and oppose all words and acts which might lead to Taiwan's independence. Second, both sides of the Strait hope for mutual cooperation, the joint development of the national economy, a higher living standard for the masses, and want to build China into a prosperous, powerful, modern nation.

Third, both sides of the Strait want to carry on the fine tradition of China's national culture. The Chinese nation has a long history and a splendid culture, which has made great contributions to the world's civilization. This splendid culture rallies us and constitutes an essential foundation for the country's reunification.

General Secretary Zhao stressed: The CPC is willing to work together with the KMT and Taiwan people on the above-mentioned basis and with a common understanding to make continued efforts for reunification of the country as soon as possible. We hope that the KMT leaders will proceed from the basic interests of the Chinese nation, adapt to current trends, and do things in line with the common aspirations of the people, and thus make their due contribution to the great cause of reunification.

The meeting took place in Zhongnanhai. Both the host and the guest had a friendly conversation.

Shultz expressed satisfaction with the positive development of Sino-American relations, and the smoothness of his current China visit.

On bilateral relations, Zhao Ziyang said: In spite of some difficulties and setbacks, overall Sino-American relations have grown markedly in recent years. Both sides should treasure the hard-won achievements in Sino-American friendship and cooperation.

Zhao Ziyang also stressed: There are great potentials and broad prospects for the development of Sino-American friendly relations. He hoped that both sides will exert concerted efforts to overcome difficulties and obstacles so as to secure the sustained and steady growth of Sino-American relations.

Both sides also exchanged views on important international issues.

Holds News Conference

*OW1507160688 Beijing XINHUA Domestic Service
in Chinese 1318 GMT 15 Jul 88*

[Text] Beijing, 15 Jul (XINHUA)—U.S. Secretary of State George Shultz said at a news conference this afternoon that U.S.-Chinese relations are getting better and more extensive, and having the support of both Republican and Democratic Parties in the United States.

Shultz had meetings with five [as received] Chinese leaders today and had extensive exchange of views with them on bilateral relations and international issues.

Shultz described his discussions with Chinese leaders on Cambodia as "very fruitful and worthwhile."

He said: The analysis of the United States and China on the Cambodian issue are broadly identical. Both countries agree that it is essential for Vietnam to completely withdraw its troops from Cambodia.

Shultz said both countries maintained that Samdech Sihanouk will be the central figure of the future Cambodian Government.

Shultz also stated in the news conference that Chinese leaders had told him that China has sold missiles to no countries other than Saudi Arabia.

Asked to comment on China's reunification, Shultz said the increasing exchange of goods and personnel between the two sides of the Taiwan Strait is "a gratifying development." He said, the issue of reunification is China's internal affairs, and the United States welcomes the statements made by the Government of the People's Republic of China on this issue.

More on News Conference

*OW1707125988 Beijing In English to North
America 0300 GMT 16 Jul 88*

[Report by Wei Liang]

[Text] The American Secretary of State George Shultz has completed his 2 1/2 days of talks with senior Chinese leaders in Beijing. He told reporters at his first press conference on Friday that Sino-U.S. relations have been improving for several years, and his latest meetings with Chinese leaders confirm this.

Radio Beijing's (Wei Liang) attended the press conference and filed this report:

Secretary of State George Shultz said China and the United States had established a deeper and better relationship over the past few years. He stressed that in this election year, the United States' policy toward China has solid support from both political parties in his country.

[Begin Shultz recording] It is important to see that the evolution of policy toward China in the United States has gone forward on a broad bipartisan basis where people from both parties have taken important parts. And so our policy has broad bipartisan support. Therefore, I think we can expect that these positive tones will continue. So I think what we see here is change in a positive direction and the prospect of continuity. [end recording]

The situation in Kampuchea was one of the topics discussed during Shultz' talks with Chinese leaders. Shultz said his discussions on Kampuchea have been very fruitful.

[Begin Shultz recording] And there is a very broad agreement between our two countries as to certain aspects of that situation. We agree that it's important and essential that Vietnam withdraw from Cambodia completely. We both see Prince Sihanouk as a potential principal person around whom a future government of Cambodia should be organized. [end recording]

Shultz said the settlement of the conflict in Kampuchea would contribute to peace and stability in the region. He said rather similar views are shared between the two countries on the formation of the future government in Kampuchea. But he did not elaborate on the point.

Shultz said he also discussed the question of ballistic missiles but has not reached agreement with Chinese leaders on the issue. He said both sides are willing to continue discussions on the matter.

[Begin Shultz recording] We discussed the subject of ballistic missiles and I put it in terms of three types of weapons that have particularly destabilizing potential. Of course, the first is nuclear weapons. And we have a great deal of work going on to reduce the stockpiles of nuclear weapons, and there is the nonproliferation effort that has been in being, and successfully so, for quite a period of time. Second, there is chemical weapons, which loom very ominously since they have been used in the Iran-Iraq war. And here again we have a strong discussion going on in negotiations in Geneva. The third area is ballistic missiles. And here we have been working with our Summit-Seven partners, and we have started a dialogue with the Soviet Union on the problem of controlling this technology. And so this is a subject that I brought forward to the Chinese, and we discussed it in some length. We didn't come to any agreements about it, but I think it has been worthwhile to talk about it and I am sure that the subject will continue to be an important one on our agenda. [end recording]

Shultz also mentioned that he was pleased with recent developments along the Taiwan Strait.

[Begin Shultz recording] For the United States, the position is that there is one China, that it is basically something for the Chinese on both sides of the Strait to

work out how they are going to handle the problem of reunification. We insist that that must come about through peaceful means. And we have observed developments in recent years with statements made by the Government of the People's Republic of China and the gradual easing of the ability of goods and people to flow across the Strait and welcome those developments. [end recording]

That was the American Secretary of State George Shultz talking in Beijing on Friday.

Dinner Toasts Exchanged With Qian
OW1507152788 Beijing XINHUA in English
1441 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—U.S. Secretary of State George Shultz and his wife gave a dinner at the summer palace here this evening in honor of Chinese hosts for their hospitable reception accorded during their stay in Beijing.

In his toast, Shultz stressed the importance of nurturing the bilateral relationship between the United States and China into maturity. The development of relations between the two nations, he added, must take the same direction as broader trends in the world at large—toward openness, growth and peace.

Chinese Foreign Minister Qian Qichen said in his reply that Shultz's current visit to China has deepened the mutual understanding and trust between the two countries and is positive to the steady development of Sino-American relations.

Mr. and Mrs. Shultz and their party are leaving Beijing tomorrow morning at the conclusion of their visit to China.

Hong Kong Media Comments on Shultz Visit

View of Statement on Cambodia
HK160703688 Hong Kong HSIN WAN PAO
in Chinese 16 Jul 88 p 3

["Evening Talk" by Yang Chu (5017 2612): "China, the United States, the Soviet Union, ASEAN, and the Peaceful Settlement of the Cambodia Issue"]

[Text] Bidding Farewell to Beijing [subhead]

U.S. Secretary of State George Shultz has concluded his 2-day visit to Beijing and flown to South Korea.

While in Beijing, Shultz met with top Chinese leaders Deng Xiaoping, Zhao Ziyang, and Li Peng, and he held talks with Chinese Foreign Minister Qian Qichen.

The Views of Both Sides Are Almost Identical? [subhead]

I believe that China and the United States share the view that the Khmer Rouge should not reassume political power in Cambodia, Shultz told reporters in Beijing.

"I told them (the Chinese) that in our view, the Khmer Rouge should again not exercise control over Cambodia. Although I cannot say anything on behalf of the Chinese, you can see that we (China and the United States) share almost identical views."

No Records [subhead]

While reporting on Shultz's visit to Beijing, however, official Chinese media, including the authoritative RENMIN RIBAO (overseas edition) and XINHUA NEWS AGENCY, have not mentioned a word about Shultz's statement that China was not in favor of the Khmer Rouge reassuming power or that China and the United States "shared almost identical views" on the issue.

A review of recent materials show that there are no records of either the CPC or the Chinese Government making public speeches against the Khmer Rouge assuming political power.

Two Meanings [subhead]

Assumption of political power has two meanings. One is autocratic rule, namely, rule by one party like the Pol Pot regime prior to the invasion of Cambodia by Vietnam.

The other one is a coalition government. In Cambodia, it means establishment of a provisional coalition government composed of four parties, including the Sihanouk faction, the Song Sann faction, the Khmer Rouge, and the Heng Samrin faction, as proposed by ASEAN.

Beijing has stated that "none of the four parties should be excluded." It seems that this can be understood to mean that Beijing favors a coalition government rather than the Khmer Rouge assuming autocratic rule.

Uncalled For Worry [subhead]

In the international community, one opinion holds that if the Vietnamese troops withdraw from Vietnam, the Khmer Rouge may become the strongest armed force in Cambodia and may use its military superiority to restore its dictatorship.

In fact, if an international peace-keeping force enters Cambodia and if the big powers give international guarantees as ASEAN has proposed, such worries simply will be uncalled for.

What the Prince Said [subhead]

When Prince Sihanouk recently announced his decision to resign from the chairmanship of the Democratic Kampuchea Government in Paris, he said that one of

the reasons is "to prevent some people in the coalition government from trying to help the Khmer Rouge seize state power by using the name of Sihanouk."

It is clear who the prince was referring to when he said this.

Gromyko [subhead]

The head of the Phnom Penh regime, Heng Samrin, recently went to Moscow, and then flew to Cuba and Nicaragua to pay visits.

According to TASS reports, Andrey Gromyko, the president of the Supreme Soviet of the Soviet Union, and Heng Samrin agreed that to a large degree, whether the coming unofficial peace talks in Jakarta will be successful depends on China's attitude.

What did this mean?

It seems that the whole world, including the two superpowers, the United States and the Soviet Union, is exerting pressure on China on the issue of the Khmer Rouge!

Editorial on Talks With Leaders

HK1607052288 Hong Kong WEN WEI PO in Chinese
16 Jul 88 p 2

[Editorial: "China and the United States View Cooperation in the Next 10 Years"]

[Text] During George Shultz' visit to Beijing, he held talks with Deng Xiaoping, Zhao Ziyang, Li Peng, and Qian Qichen. These talks were positive and both sides expressed their hopes on bilateral relations in the next 10 years.

Although the United States has entered a presidential election year, it is uncertain whether the Republican or the Democratic Party will win. Nevertheless, both China and the United States believe that the change in U.S. Government will not affect relations between the two countries. During his meeting with Qian Qichen, Shultz said: "No matter which party wins the presidential elections, the U.S. policy on relations with China will be maintained. China has been recognized as a country capable of world-class economic performance as we move into the 21st century."

Chinese Foreign Minister Qian Qichen pointed out in the talks that so long as both parties strictly act according to the principles laid down in all previous Sino-U.S. communiques and enhance mutual trust, Sino-U.S. relations will definitely develop to a new level.

The development of Sino-U.S. relations is based on long-term interests, rather than temporary frictions and minor problems. This is a manifestation of the maturity and normalization of relations between the two countries.

Early in the 1970s the United States accelerated the development of its relations with China, regarding it as a factor to check the Soviet Union. The changes in Sino-U.S. relations were determined by the relations among China, the United States, and the Soviet Union. The Soviet Union was a factor affecting the development of Sino-U.S. relations, and the twists and turns were uncertain. Today, this method of seeking quick success and instant benefit is no longer a factor conditioning Sino-U.S. diplomatic relations. The focus of Sino-U.S. relations is now shifting onto economic relations.

There are three factors bringing about maturity and sustained development to Sino-U.S. relations: First, the world is moving toward detente, peaceful cooperation prevails over confrontation, Soviet-U.S. relations have improved, and Sino-Soviet relations have thawed [jie dong 6043 0408]. Second, the United States has adopted a realistic attitude toward the Taiwan issue and has encouraged contacts and cooperation between the two sides of the Strait, and Taiwan has relaxed its policies toward the mainland. Third, China persists in taking the road of economic and political reforms, giving priority to the development of the productive forces. The increase in China's economic strength will offer extensive scope for Sino-U.S. commercial cooperation. To this end, the United States has focused its attention on Sino-U.S. economic cooperation in the next 10 years.

While meeting with Shultz, Deng Xiaoping stressed the development of poor and rich countries as well as the settlement of the Cambodia issue.

Only by increasing exports can China obtain foreign exchange to import scientific and technological equipment from the United States. However, China's exports have been restricted by U.S. protectionism and its policy against the poor countries. If Sino-U.S. trade cooperation can develop in a healthy manner, China can import more commodities from the United States, the United States can open its market to China, and the volume of trade between the two countries will rapidly increase.

The U.S. side expressed concern over China's arms sales. With the continuous arms sales by the United States to Israel and the countries in the Persian Gulf, it would be unfair to merely allow the United States to have the privilege, while restricting arms sales by other countries. China has no intention of intensifying the situation in the Middle East. Besides the missiles sold to Saudi Arabia, China has not sold any arms directly to the countries involved armed conflicts. In this regard, both sides reached an understanding.

Regarding the Cambodia issue, both China and the United States expressed their position against aggression and urged Vietnam to withdraw its troops so as to allow Cambodia to set up a neutral national united government through elections under international supervision. However, the views of the two sides differed on maintaining a balance among the three resistance forces.

Foreign interference in the internal affairs of the three resistance forces will be disadvantageous to the Cambodian people solving their own problems and to unity among the three parties, thus giving Vietnam the opportunity to destroy the resistance forces one by one. It would also be inappropriate for China to meddle in the issue. The question should be discussed by the Cambodian people to seek a fair, reasonable, and feasible scheme. China has proposed a feasible plan of freezing the armed forces of all parties and accepting international supervision.

China's policy toward Taiwan and the question of peaceful reunification also were the focus of Shultz' visit to China. Zhao Ziyang pointed out that the mainland and Taiwan have reached a common understanding on the following issues: First, both sides of the Strait have insisted that there is only one China. Second, both sides realize the necessity of mutual cooperation to develop their economies. Third, both sides have agreed to inherit and carry forward Chinese culture, the force to unite the Chinese nation and the basis for reunification. Moreover, the KMT has also made a number of proposals on reunification. So long as both sides of the Strait advance in the direction with mutual understanding and tacit agreement, the question of Taiwan will not become an obstacle to Sino-U.S. relations. Shultz' reiteration that the question of Taiwan should be settled by the Chinese on the two sides of the Strait has also played a positive role in the development of Sino-U.S. relations.

In the next 10 years there will be bright prospects for cooperation between China and the United States in international affairs as well as in the economic field. This is the information Shultz brought on his visit to China.

Economic Meeting Held, Kissinger Heads U.S. Group

Symposium Opens

OW1507171588 Beijing XINHUA in English
1601 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—A three-day symposium on Sino-U.S. economic cooperation aimed at expanding contact and mutual understanding between industrialists of the two countries opened in Beijing today.

The meeting will offer U.S. participants a chance to become more familiar with China's open policy and investment environment in the hopes more entrepreneurs from the United States will invest in and cooperate with China.

Present at today's opening were Rong Yiren, chairman of the China International Trust and Investment Corporation (CITIC), Henry A. Kissinger, chairman of the America-China Society, Thomas H. Kean, governor of New Jersey, 14 well-known U.S. entrepreneurs, David M. Culver, chairman of the board of Alcan Aluminium,

Ltd. of Canada and representatives from nine Chinese ministries and commissions and from 11 of the country's coastal provinces and municipalities.

In his speech Rong Yiren praised the America-China Society and Kissinger for their efforts in strengthening bilateral relations and said, "over the past decade bilateral relations have in the main been developing steadily with gratifying progress in many areas of cooperation and exchange."

The U.S. has become China's third largest trade partner [words indistinct] Hong Kong and Japan, and it [words indistinct] following only Hong Kong and Japan, and it ranks first among all foreign countries in terms of the number of investment projects and contracted investment in China.

At the same time, Rong said, China has become involved in more economic ventures in the United States.

Rong said, "While feeling pleased with the progress made in Sino-U.S. economic cooperation, we believe the current pace of this cooperation is far from being commensurate with population, resources and total productivity of the two nations."

"Great potential is yet to be tapped and certain barriers summounted," Rong went on, "and this will need both sides to exchange ideas frankly and seek solutions."

Rong expressed the hope the American participants will present their opinions and suggestions on perfecting China's legal system, overcoming bureaucracy and raising work efficiency.

He also said, good cooperation between China and the U.S. is also necessary to the establishment of friendly and cooperative relations among the world's developed and developing countries.

After reviewing the development of bilateral relations, Kissinger, who is on his 18th visit to China, said, "China is engaged in a great project."

He also said, "Promoting the development of a country with a population of one billion is, in itself, an unconsiderable task, and it is unprecedented to govern such a large population and country and to change from a centralized economy to a socialist commodity economy regulated by the market."

Kissinger said he is optimistic about China's future in spite of the country's ups and downs.

According to Kissinger, everyone who has come to the symposium is dedicated to strengthening bilateral relations, and they have come to China to see clearly the prospects between the two countries.

Kissinger expressed the hope participants from the two countries will be as frank as possible in their discussions, because he sees this as the only way to achieve progress.

"The participants have common interests and goals," Kissinger went on, "and the current problem is how to find a practical way to express their common interests."

More on Opening

HK1607042988 Beijing CHINA DAILY in English
16 Jul 88 p 2

[By Wang Xiangwei]

[Text] The symposium on U.S.-China economic co-operation, which has drawn both American and Chinese business tycoons and high ranking officials, opened yesterday evening in the Great Hall of the People in Beijing.

Henry Kissinger, former U.S. Secretary of State, and China's top businessman Rong Yiren, chairman of CITIC [China International Trust and Investment Corporation], are among the participants.

Co-sponsored by the newly-established America-China Society and China International Trust and Investment Corporation, the meeting is said to be the highest-level gathering of the Sino-U.S. political and business leaders ever held. Also attending are Thomas Kean, governor of New Jersey, and Louis Gerstner, president of American Express.

CHINA DAILY was told that the symposium, being held in the Diaoyutai State Guest House until Monday, will focus on further strengthening Sino-U.S. economic co-operation. Discussions on China's foreign investment climate will be included.

A Chinese official said some specific projects will be put forward during the seminar for possible co-operation.

Rong Yiren said at the opening ceremony that Sino-U.S. economic relations have made gratifying progress over the past decade. The United States has become China's third largest trading partner next only to Hong Kong and Japan. It ranks first among foreign countries in terms of the number of the foreign-funded projects and the agreed amounts of foreign investment in China.

However, Rong said, despite this progress, Sino-American economic co-operation is far from reaching its full potential in terms of population, resources and general productivity between the two nations.

The Chinese side has its hopes and demands on the United States, the American side, I am sure, also has its ideas and requirements. Therefore, this calls for unrestrained exchange of ideas between the two sides during the seminar, Rong said.

Henry Kissinger, on his 18th trip to China, said the country is experiencing an unprecedented transition from a centrally-planned economy to a socialist market-oriented economy.

He said more than 16 senior business executives from about 15 big American corporations such as American Express Company, Xerox Corporation, Union Carbide, willing to work in China [sentence as published].

A Chinese official told CHINA DAILY that during the seminar, several high-ranking Chinese officials from various ministries will make presentations on China's foreign investment climate, Chinese laws and other matters.

Group Briefed by Li Peng

OW1607232988 Beijing XINHUA Domestic Service
in Chinese 1028 GMT 16 Jul 88

[By reporters Feng Xiuju and Zhu Yunlong]

[Text] Beijing, 16 Jul (XINHUA)—Premier Li Peng met with Dr Kissinger, chairman of the America - China Society, and other delegates of both sides attending a symposium on Sino - U.S. economic cooperation at Ziguang Pavilion in Zhongnanhai this morning.

Li Peng expressed his warm welcome to the guests. He said: China attaches great importance to the America-China Society, which is composed of noted statesmen and entrepreneurs. He believed that the visit by Kissinger and his party will play an important role in strengthening bilateral friendly and cooperative relations.

During the meeting Li Peng briefed the guests on China's economic development. He said: At present, China's economy has two distinguishing features. One is that it has maintained fast growth, and the other is that it is facing a big change, namely reform of the price system.

He said: China is still a developing country. As China turns its highly-centralized planned economy into a planned socialist commodity economy, it will keep part of its mandatory planning and carry out macroeconomic control by relying mainly on economic levers.

On China's reform, Li Peng said: China's reform has entered a crucial stage. Its present price system, which formed over a long time under past conditions, is quite irrational. In order to continue its economic development, China must change the irrational price system and gradually abolish the dual-price system.

He emphasized: Our consensus is that if the price system is not reformed, we will be unable to truly practice a socialist commodity economy, nor will we be able to further economic development in China.

He said: The reform of the price system bears on the people's livelihood. Therefore, we must be prudent in formulating policies. Our plans and measures must be rational. At the same time, we must consult the people and seek their understanding and support.

He said: The change will cause higher commodity prices. Therefore, in coordination with the price reform, wages should be raised to compensate for the higher prices, so that the people's living standards will not be affected.

He emphasized that raising wages should mainly proceed from developing production and improving the economic efficiency of enterprises.

On the prospects for Sino - U.S. economic cooperation, Li Peng said: The United States can do many things in this respect.

He said: Sino - U.S. trade, now worth \$8 billion, constitutes only a very small part of the total U.S. foreign trade volume. The United States is the largest developed country, while China is the largest developing country in the world. As China has a large population, its market will have great vitality as it develops. He hoped that American friends will see this potential in Sino - U.S. economic relations.

He said: Although the United States is the largest investor in China, its investment here is still very small and there is still much room for further growth.

Kissinger thanked the Chinese side for arranging the comprehensive symposium on Sino - U.S. economic cooperation. He said that all the entrepreneurs in his party are devoted to strengthening U.S. - China relations and willing to develop cooperation with China.

Rong Yiren, chairman of Board of Directors of the China International Trust and Investment Corporation, was present at the meeting.

Also present was New Jersey Governor Kean, who is accompanying Kissinger on the trip.

Meets With Zhao Ziyang
OW1607122788 Beijing XINHUA in English
1147 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Chinese leader Zhao Ziyang today expressed the hope that the United States will play an important role in China's economic development.

Meeting with Dr. Henry Kissinger, chairman of the America-China Society, and Thomas Kean, U.S. governor of New Jersey, Zhao, general secretary of the Chinese Communist Party Central Committee, appreciated the society's efforts to promote the U.S.-China friendship since its founding in March last year.

He said China is a developing country. But it knows its role in the international arena.

China pursues an independent foreign policy of peace and never allies itself with any big powers, which benefits the world peace and stability, Zhao said.

Kissinger said the Americans who have come here are very interested in the further promotion of bilateral friendly relations and cooperation.

He said China's development and a powerful China not only benefit the world peace, but also conform to the interests of the U.S.

Without China's development the peace in Asia would lose its balance, he added.

During the more than one-hour long meeting, Zhao and Kissinger discussed the international issues of common interest.

Present on the occasion was Rong Yiren, chairman of the board of directors of the China International Trust and Investment Corporation.

Chinese Vice-Premier Wu Xueqian met and gave a luncheon for Kissinger and his party earlier today.

Received by Yang Shangkun
OW1707003788 Beijing XINHUA in English
1049 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Chinese President Yang Shangkun met here today with Henry A. Kissinger, chairman of the America-China society, and other delegates attending a three-day symposium on Sino-U.S. economic cooperation.

During the meeting, Yang thanked Kissinger and other U.S. visitors for their contributions to the development of the Sino-U.S. economic cooperation.

While briefing the visitors on China's current situation, Yang said that some corrupt practices that have cropped up during the course of reform, such as embezzlement and bribery, are intolerable.

However, he said, elimination of these practices has to be done through the legal procedure instead of mass movement. Punishment according to law is more effective than mass movement in fighting corruption.

Kissinger Holds News Conference
OW1707132188 Beijing XINHUA in English
1204 GMT 17 Jul 88

[Text] Beijing, July 17 (XINHUA)—Henry Kissinger urged the United States Government to ease its control on technology transfers to China at a press conference here today.

The former U.S. secretary of state said that he believes China should be given the special status for technology transfer as a friendly and non-aligned country.

Dr. Kissinger, now chairman of the America-China Society, founded in March last year, came here for a symposium on Sino-U.S. economic cooperation, which closed here today.

His call for the easing was shared by Rong Yiren, chairman of China International Trust and Investment Corporation (CITIC), who also said at the press conference that U.S. technology transfer to China is conducive to further bilateral economic cooperation.

Asked to comment on the Chinese leadership, Kissinger said that each time he meets with Chinese leaders they have always fulfilled what they promised to do in the last meeting.

He said that when he was here last September Chinese leaders outlined their aim for the period after the 13th party congress. "Everything they predicted then has happened," he added.

He hoped for the success of China's reform and said that he was struck by the Chinese leaders' optimism and determination for it despite difficulties in such issues as the price reform.

Kissinger said that the American group to the symposium had an eloquent explanation from China's Premier Li Peng on the plan to build an export economy for the coastal regions and called it a sensible strategy.

He said that the group of leading U.S. corporate executives came to reduce misunderstandings between the U.S. businessmen and the Chinese authorities, and had thoughtful and responsive answers from the Chinese participants on various issues concerned.

He said that Chinese leaders have shown understanding and willingness to deal with such complex issues as the repatriation of foreign exchange by the U.S. investors in China and the slowness and changeability of some decisions here, although they could not be resolved in one day.

Kissinger described his talks with Chinese leaders as frank and constructive and said that the American group is leaving with a conviction that bases for further progresses have been established.

Rong Yiren said that vice-ministers from nine Chinese ministries as well as trade officials from a dozen coastal provinces and cities attended the symposium, co-sponsored by CITIC and the America-China Society.

According to Rong, participating in the symposium were also 12 American corporations, including Kissinger's own Associates Incorporated, with their total business turnover last year exceeding 100 billion U.S. dollars.

Tian Jiyun Speaks at Closing Session
OW1707145488 Beijing XINHUA in English
1345 GMT 17 Jul 88

[Text] Beijing, July 17 (XINHUA)—Chinese Vice-Premier Tian Jiyun reiterated today that Sino-U.S. economic cooperation has great potential and can be conducted in an extensive range.

Speaking at the closing ceremony of a symposium on Sino-U.S. economic cooperation, the vice-premier said that Sino-U.S. economic cooperation and trade will further develop if the two countries strengthen cooperation in production, investment and high technology.

He also expressed the hope that the United States will further ease its control on hi-tech exports to China.

In its cooperation with the United States, Tian admitted, China has its own problems, namely the problems with its infrastructure and poor service, low work efficiency and bureaucracy.

"However, these problems are the results of some specific Chinese systems and will be solved in the course of reforms," he added.

To further its reform, Tian said, China has to improve work efficiency, get rid of bureaucracy, and introduce mechanisms to liberate the productive forces.

He urged U.S. entrepreneurs to have patience, confidence and perseverance in cooperating with China, adding that there is a bright future for the Sino-U.S. cooperation although there may be risks.

He praised Dr. Henry Kissinger, chairman of the America-China Society, for his contributions to the Sino-U.S. friendship and cooperation.

During the symposium, sponsored by the China International Trust and Investment Corporation (CITIC) and the America-China Society, Chinese and U.S. delegates exchanged views on the Sino-U.S. cooperation in a candid manner.

The Chinese delegates briefed their U.S. counterparts on China's economic development, trade and economic and technological cooperation with foreign countries and reform of the foreign trade system in recent years.

The U.S. delegates aired views and suggestions concerning China's efforts to overcome bureaucracy, to improve investment climate and to balance foreign exchange as well as the permission for foreign corporations to open financial and insurance business here.

Rong Yiren, CITIC chairman, and Dr. Kissinger also spoke at the closing ceremony.

Tian and Rong attended a banquet hosted by Dr. Kissinger for delegates to the symposium here this evening.

U.S. Drought Drives Up World Food Prices
OW1507154788 Beijing XINHUA in English
0645 GMT 15 Jul 88

["Roundup: Drought in U.S. Drives up World Agricultural Prices (by Zhao Zijian)"]—XINHUA headline]

[Text] Washington, July 14 (XINHUA)—The prolonged drought in the United States has caused price increases in farm products and the situation will not improve until 1990, most market analysts say.

The reason for worldwide price hikes is the weight of U.S. farm exports in the total world agricultural trade.

The United States accounts for 40-50 percent, 60 percent, 20 percent and 65 percent in world trade of wheat, feed grain, rice and soybean respectively. And U.S. exports of soybean and soybean oil make up about 10 percent of world oilseed products trade.

Meanwhile, agriculture weighs only 2 percent in the U.S. gross national product (GNP), and farm prices account for less than 10 percent of the food cost of Americans. Therefore, price rises at the farm are not going to affect much of their daily lives.

The real harm of the drought will be felt, analysts agree, by grain and oilseed importing nations, especially those of the Third World.

In interviews with XINHUA, U.S. Government and private analysts believe farm goods prices have already gone up by large margins and will top out next year. Expanded acreage worldwide will lead to lower prices by 1990.

According to the latest U.S. Government figure, average price for corn for the 1988-89 crop year will be 2.43-2.85 dollars per bushel, almost a dollar more than the average of this crop year.

Don Mitchell, a senior economist with the World Bank's commodity market division, said corn prices will rise by an average of 35 percent from last year to this year, and U.S. corn export price, at 75.7 dollars per ton in 1987, will be 102 dollars per ton in 1988 and 103 dollars per ton in 1989, before falling to below 100 dollars per ton in 1990.

Ray Danniels, vice president of the Food and Agricultural Division of the WEFA Group, said corn production in America will fall by 30 percent this year and average corn price from October 1988 to October 1989 will be about 3.12 dollars per bushel, 95 cents higher than in the current crop year.

John Milton, an analyst with the U.S. Agricultural Department, said wheat production will drop by 13 percent this year but, because of good harvest of winter wheat, the United States has enough supply and will not stop exporting (under subsidized program).

Mitchell said U.S. wheat exporting price will average 165 dollars per ton this year, as against 133 dollars per ton last year. The price, he said, will rise to 172 dollars per ton next year before falling back to 158 dollars per ton in 1990.

By U.S. Government figures, wheat price will rise from 2.57 dollars per bushel in 1987/88 to 3.45-3.95 dollars per bushel in the 1988/89 period. But Danniels said the price rise during the period will be from 3.01 dollars per bushel to 4 dollars per bushel.

All analysts expect soybean supply to be tight. The U.S. Government expects U.S. exports of soy meal, soybean and soybean oil to fall by 17 percent, 20 percent and 40 percent respectively.

Don Larsen, an associated economist with the World Bank, said soybean production in the United States will drop by 16-17 percent this year. During June, July and August, he said, soybean price will peak but the 1988 average price for soybean will be around 320 dollars per ton, instead of the current 365 dollars per ton at the rotterdam exchange.

Also, he said, he expects another bumper soybean harvest by Brazil next spring, and soybean price at the international market will fall to 270-300 dollars per ton for 1989.

According to the U.S. Agricultural Department, soybean price will rise from 6.2 dollars per bushel in the current crop year to 6.75-9.25 dollars per bushel in the 1988/89 year. Danniels estimated the rise to be from 7.12 dollars to 9 dollars per bushel during the same period.

Prices for other crops are also affected by the drought. Danniels expects production of barley to drop by 40 percent and its price to almost double. The same happens to oats, an important health ingredient for today's food and an item for imports that the U.S. Government expects to increase this year.

These analysts told XINHUA that cotton and rice will not be affected. Rice fields in the United States, mostly in California, are all irrigated. In Southeast Asia, where drought hit rice production last year, situation is improving.

Mitchell expects rice price at international market to fall from the current average 290 dollars per ton to 260 dollars per ton next year and 250 dollars in 1990.

Increasing Acreage in U.S. Should Offset Drought
OW1507152688 Beijing XINHUA in English
0742 GMT 15 Jul 88

["Market Has Responded Well to Drought, Says Analyst (by Zhao Zijian)"]—XINHUA headline]

[Text] Washington, July 14 (XINHUA)—The market has responded quickly and efficiently to the worst drought in America for half a century, and the ensuing expansion of planted acreage will restore things to normal, a well-known agricultural market analyst said today.

Before giving a speech on the drought situation in Nebraska, staff economist of the FARM JOURNAL John Marten told XINHUA that prices for wheat, corn and soybeans have jumped 25 percent, 50 percent and 75 percent respectively since last March.

The quick rise in prices in less than three months, he said, reflected sufficient responses by the market. The extent of the rise, he said, is "just about right" and there will be no further major increases.

Instead, he predicted, the drought will make farmers expand their acreage now fallowed under federal programs. Next year, 10 million acres more of wheat, 10 million acres more of corn and five million acres more of soybeans will be planted in the U.S. which will lead to "a reasonable balance, not surplus," he said.

According to Marten, the real drop in this year's corn production in the U.S. will be deeper than the 29 percent predicted by the U.S. Agricultural Department. His estimate is about 40 percent.

However, he said, corn reserves in the U.S. are huge, equivalent to seven months' supply or 110 million tons. Therefore, even if production is cut by half, there's still more than enough.

He expects 8.5 billion bushels of corn to be available this year, seven billion of which is for domestic use and 1.5 billion for export.

Over the last five years, he said, 1.5 billion bushels seemed about the average amount of U.S. corn exports.

He also calculated that corn prices this year will be between 2.5 and three dollars per bushel. With expanded acreage next year, corn prices will fall to 2-2.5 dollars per bushel by next summer.

He agrees with the Department of Agriculture's estimate of this year's soybean supply, predicting a drop in production of 20 percent this year and prices to hover around 7.5-8 dollars per bushel.

The supply of wheat will be solid, Marten said. Combining reserves and production, this year's supply will be around 3.1 billion bushels.

The production drop, he estimated, will be around 12 percent. Prices for wheat will rise from the current 2.55-2.6 dollars per bushel to 3-3.5 dollars in the new crop year beginning this fall.

"There is no worry about wheat in the world," Marten said, citing good crops in the Soviet Union, India, Western Europe and Australia.

Soviet Union

Agreement Reached With USSR To Simplify Travel

No Visa Needed for Business Trips
OW1507185588 Beijing XINHUA in English
1538 GMT 15 Jul 88

[Text] Moscow, July 15 (XINHUA)—Beginning August 13 this year, Chinese and Soviet citizens carrying valid travel certificates can enter and exit each other's country without visas when they temporarily travel on business.

This new regulation has [words indistinct] into an agreement [words indistinct] mutual exchanges and contacts by Chinese and Soviet citizens reached between the Chinese and Soviet Governments.

The document was signed in Moscow today by Yu Hongliang, Chinese ambassador to the Soviet Union, and Soviet Vice-Foreign Minister Boris Nikolayevich Chaplin.

In 1985, China and the Soviet Union reached a memorandum on the exemption of visas for [words indistinct] diplomats and on simplifying procedures of visas. When the agreement on mutual exchanges and contacts by Chinese and Soviet citizens goes into effect on August 13, the 1985 memorandum will expire.

More on Agreement
OW1807055788 Beijing in Russian to the USSR
1800 GMT 16 Jul 88

[Text] The Sino-Soviet agreement on mutual trips for citizens of the two countries was signed 15 July in Moscow. On behalf of the governments of the two countries, the agreement was signed by Yu Hongliang, PRC ambassador to the USSR, and Boris Chaplin, Soviet deputy minister of foreign affairs.

The agreement envisages that, from August 13 [words indistinct] is introduced for visits by citizens having diplomatic, official, or general civilian passports for official use.

BEIJING REVIEW on CPSU Conference
OW1707081088 Beijing BEIJING REVIEW in English
11-17 Jul 88 pp 10-11

[By Xin Zhi]

[Text] The 19th all-union conference of the Communist Party of the Soviet Union (CPSU) was held in Moscow June 28-July 1. It was the first irregular CPSU gathering since 1941.

The fundamental tasks of the conference were to review the results, both positive and negative, of the perestroika (restructuring) campaign since the 27th party congress in 1986 and map out new steps to extend the reforms and make perestroika irreversible.

The results of the conference were reflected in the seven resolutions adopted at the closing session, including one on urgent measures to implement the political restructuring plan, one on fighting bureaucracy, one on ethnic relations, one on glasnost (openness) and one on the reform of legal system. CPSU General Secretary Mikhail Gorbachev described the meeting as a "truly open party talk about the principal things that concern today's things that concern today's communists, Soviet people—an attempt to find answers to questions that worry them."

The conference was impressive in three main ways. First, no previous CPSU meeting has allowed such a free airing of views and such heated debate. Many of the 5,000 delegates ventured to criticize shortcomings and mistakes in the CPSU's work, and sharp contradictions and sensitive questions were not evaded.

For example, economist Leonid Abalkin said at the opening session that the economic reform does not represent a fundamental turn, and the Soviet Union has not yet freed itself from stagnation. The next day Georgiy Arbatov, head of the U.S. and Canadian Studies Institute of the Soviet Academy of Sciences, expressed his disagreement, quoting facts illustrating profound changes that have taken place in Soviet society.

Another salient feature is that the issue of political restructuring was brought up before the whole CPSU and the entire country and was put forward as the key to resolving all problems. Gorbachev said in his keynote address to the conference that political restructuring is the guarantee that will make reforms irreversible. Summing up Soviet history since the 1917 revolution, he said the political system established after the revolution was distorted and destroyed, resulting in the disaster of one-man dictatorship. Past attempts to reform the country failed, he said, largely because this faulty political

system was kept intact. The new political reform, judging from the conference, focuses on separating the functions of the CPSU from those of the government; returning powers to the Soviets of people's deputies; mobilizing people to participate in political and economic activities; limiting the term of office of CPSU and government officials to two consecutive terms (10 years); perfecting socialist democracy and the legal system; and implementing glasnost.

Gorbachev also suggested that first secretaries of CPSU committees should concurrently act as chairmen of local soviets and that there should be a chairman of local soviets and that there should be a chairman of the Supreme Soviet, who would be granted broad powers, instead of the existing chairman of the Presidium of the Supreme Soviet, who is largely a ceremonial figure. The proposal was opposed by some delegates who argued that such overlapping responsibility would contradict the principle of separating the CPSU leadership from the government administration.

A third feature of the conference was that intra-party differences have been exposed to the Soviet people as well as the outside world. The face-to-face debate between former Moscow CPSU chief Boris Yeltsin and the Kremlin's No 2 man, Yegor Ligachev, epitomized the ongoing struggle over the speed and methods of reform, the role of leadership and other major issues.

The Soviet public showed an unprecedented interest in the conference. As many as 1 million letters reached the gathering and the public spontaneously held discussions and forums exploring the many problems of Soviet society. This shows that a sense of participation is growing in the Soviet Union—a country long accustomed to bureaucratic administration which allows little individual initiative.

The conference marked a revolutionary turning point in the Soviet reform process and is expected to exert a far-reaching influence on the Soviet Union. However, as the saying goes, things are easier said than done. A lot depends on what is implemented.

Northeast Asia

Agreement To Protect Japanese Investments Reached
OW1607142988 Tokyo KYODO in English
0956 GMT 16 Jul 88

[Text] Beijing, July 16 KYODO—Japan and China reached agreement on Saturday to conclude a bilateral pact on the protection of investment after nine rounds of negotiations held since 1981.

The agreement will be signed when Japanese Prime Minister Noboru Takeshita visits China in August.

Japan has so far concluded similar pacts with Egypt and Sri Lanka.

The Sino-Japanese agreement guarantees to afford the same treatment for business activities of Japanese and Chinese firms in each other's country as those enjoyed by domestic firms.

The guarantee marks China's first such pact with Japan. China has pacts on the protection of investment with 20 other countries including West Germany, France and Poland.

The Sino-Japanese pact will also stipulate most-favored-nation treatment, compensation in case of requisition and nationalization of capital in each other's country, and establishment of a joint governmental panel for the pact.

Japan's investment in China was 100 million dollars in 108 cases in fiscal 1985, 230 million dollars in 85 cases in fiscal 1986 and 1,230 million dollars in 101 cases in fiscal 1987.

Joint Investment Fund With Japanese Firms Stated
OW1707141988 Beijing in Japanese to Japan
0930 GMT 9 Jul 88

[Text] A XINHUA dispatch from Tokyo, quoting a JIJ report, says that the China International Trust and Investment Corporation and two Japanese companies—Orient Leasing and Orient Fund—signed an agreement to set up a fund called the Investment Fund Under Joint Investment on 7 July. This agreement is aimed at promoting and supporting Japanese enterprises' investments in China. This investment fund will be capitalized at 1.5 billion yen. The three Chinese and Japanese partners will invest 100 million yen each and the rest will be raised from Japanese enterprises. The investment fund's head office is to be located at Orient Leasing Company in Japan. The establishment of this investment fund is expected to facilitate acquisition of funds and information for Japanese enterprises that want to invest in China in cooperation with Chinese counterparts.

Tian Jiyun Briefs Japanese Guests on Price Reform
OW1707014288 Beijing XINHUA in English
1500 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—China's price reform project will be worked out as a whole, but implemented in stages, China's Vice-Premier Tian Jiyun said today.

In a meeting with Shoichi Akazawa, visiting chairman of Japan's foreign trade organization, Tian also said the reform is scheduled to start next year.

"Carrying out the reform smoothly will take three to five years," Tian explained, adding during this time China will control the development rate of production, limit non-production related construction, and adjust existing inequalities in extra individual income.

The country will also try out new ways of levying taxes, compensate enterprises and employees in difficulty so the overall standard of living will not go down, and use administrative and economic means to make enterprises more efficient, Tian said.

China's achievements in economic reform will open up new channels for Sino-Japanese economic and technological cooperation, he added.

"Current Sino-Japanese economic and trade relations are heading towards more cooperation in production and technology," Tian said, "and Sino-Japanese economic ties have broad prospects."

Leaders Meet With Isuzu President, Delegation

Hold Talks With Bo Yibo
OW1507213588 Beijing XINHUA in English
1518 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—Bo Yibo, honorary president of the China Council for the Promotion of International Trade, met here today with Kazuo Tobiyama, president of the Isuzu Motors Limited of Japan, and his party.

The Japanese guests are here on a visit to China at the invitation of the China national automotive industry corporation and the Everbright Industrial Company.

Kazuo Tobiyama said that the purpose of his visit is to [words indistinct] Chinese side.

Bo Yibo said that China is willing to carry out technological exchanges and cooperation with Japan in automobile industry as to speed China's automobile industry.

Meet Zhou Jiahua
OW1707012288 Beijing XINHUA in English
0956 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Chinese State councillor Zhou Jiahua met with a delegation from the Japanese firm Isuzu Motors Ltd, led by its President Kazuo Tobiyama here today.

Japan-China Youth Training Group Meets Leaders

Received by Hu Qili
OW1707014588 Beijing XINHUA in English
0938 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met a delegation from the Japan-China Youth Training Association led by its President Kaheita Okazaki and Vice-President Kazuo Tsuchiya here today.

Hu praised Okazaki for his unremitting efforts for and positive contributions to Sino-Japanese friendship and exchanges between Japanese and Chinese youths. He also spoke highly of the down-to-earth work done by the Japanese friends, who were present at the meeting, for expanding Japan-China friendship.

The expansion of Sino-Japanese friendship and cooperation is not only in line with the fundamental interests of the people of the two countries, but also conducive to peace in the Asia-Pacific region and peace in the world as a whole, Hu said.

Holds Talks With Gu Mu

OW1707015488 Beijing XINHUA in English
0803 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Gu Mu, Vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met here today a delegation from Japan-China Youth Training Association.

The 67-member delegation, headed by the association's President Kaheita Okazaki and Vice-President Kazuo Tsuchiya, arrived in Beijing yesterday on a visit to China, marking the tenth anniversary of the establishment of friendly cooperation between the All-China Youth Federation and the Japanese association.

Gu described the 91-year-old Okazaki as an old friend of the Chinese people and has made contributions to developing the Sino-Japanese friendship.

Gu thanked the Japanese association for training 300 young Chinese managers and technicians and many of them are now mainstays of Chinese enterprises. [sentence as received]

NPC Delegation Ends DPRK Visit 15 Jul

OW1507154588 Beijing XINHUA in English
1346 GMT 15 Jul 88

[Text] Pyongyang, July 15 (XINHUA)—A delegation of the Chinese National People's Congress led by Vice Chairman Xi Zhongxun left here for home today at the end of its visit to the Democratic People's Republic of Korea.

During the visit, the delegation visited factories, enterprises, construction sites and government organs of education and culture.

President Kim Il-song received all members of the delegation, talked with them for one hour and a half and gave a luncheon for them. [Passage indistinct].

Envoy to DPRK Marks Treaty Signing at Banquet OW1607130488 Beijing XINHUA in English 0753 GMT 16 Jul 88

[Text] Pyongyang, July 15 (XINHUA)—The Chinese ambassador to the Democratic People's Republic of Korea (DPRK) gave a banquet here today to mark the 27th anniversary of the signing of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance.

Addressing the banquet at the Chinese Embassy here this evening, Ambassador Wen Yezhan said that China and the DPRK have devoted themselves over the past 27 years to ensuring the safety of both countries and maintaining the peace of Asia and the world.

The ambassador regarded the signing of the treaty as a significant event in the history of China and the DPRK, adding that the people of the two countries had promoted socialist construction by mutual learning, helping and support during the years.

The Chinese Government and party, he said, support the struggle of the Korean people for the peaceful reunification of Korea and Pyongyang's demand for the withdrawal of U.S. troops from the Korean peninsula, as well as the proposals by President Kim Il-song for setting up a democratic federal republic of Korea.

Present at the banquet were Yi Chong-ok, vice-president of the DPRK and Chong Chun-ki, vice-premier of the administrative council, and other personages concerned.

Chong said that over the past 27 years the treaty has played an important part in consolidating and developing friendly relations between the two countries.

He said he was elated at the successes China has attained in its modernization drive and wished China success in carrying out reform and opening to the outside world. The treaty was signed on July 11, 1961 in Beijing when President Kim Il-song was visiting China.

Southeast Asia & Pacific

Sihanouk Denies Verbal Attack on PRC

OW1607122088 Beijing XINHUA in English
1139 GMT 16 Jul 88

[Text] Paris, July 16 (XINHUA)—Samdech Norodom Sihanouk said in a statement issued Friday that he has not attacked China.

Sihanouk said that many news agencies and large newspapers, including newspapers in Thailand, reported since July 12 that he has verbally attacked the People's Republic of China. He said he wanted to refute all these rumors formally.

The statement was issued at Fere-en-Tardenois, a small city in the east of France where Sihanouk now lives.

Sihanouk arrived in France on July 12 from Bangkok after resigning as president of Democratic Kampuchea.

XINHUA Confirms Sihanouk To Visit Japan
OW1707034088 Beijing XINHUA in English
1153 GMT 16 Jul 88

[Text] Paris, July 16 (XINHUA)—The office of Norodom Sihanouk in Paris today confirmed to XINHUA that Sihanouk will visit Japan in August as planned and will also visit Malaysia.

The source said that Sihanouk made the decision after receiving again an invitation from the Japanese Government recently. The visit will start on August 8.

The source also disclosed that Sihanouk might meet French leaders and Son Sann, prime minister of the Coalition Government of Democratic Kampuchea.

Thai Foreign Ministry Official Ends Visit
OW1607232488 Beijing XINHUA in English
1352 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Kasem Kasemsri, permanent secretary of Thai Ministry of Foreign Affairs, ended his two-day visit to China and left here today for home.

He was here as guest of the Chinese Foreign Ministry.

During his stay in the capital, the Thai secretary and Chinese Vice-Foreign Minister Liu Huqing exchanged views on current international issues and regional situation as well as issues of common concern.

Chinese Foreign Minister Qian Qichen also met and feted the Thai guest.

Li Peng, Others Meet, Host Singaporean Adviser
OW1707021088 Beijing XINHUA in English
1330 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Today China's Premier Li Peng and Vice-Premier Tian Jiyun discussed China's economic development and tourism with Dr. Goh Keng Swee, former Singaporean deputy prime minister and noted economist.

Goh, an economic advisor for the development of China's coastal areas and the country's tourist trade, arrived in Beijing yesterday after a week-long tour of southern China's Pearl River Delta.

Goh told Li Peng he was impressed by the delta's rapidly-growing economy where successes have been made in implementing the government's reform and open policy.

"The Pearl River Delta has been shifting from being a labor intensive to a technology intensive area, and is now more appealing to foreign investors," he added.

As for tourism development, he proposed, China, as a whole, should make the best use of every province's advantages.

In response to Goh's comments and suggestions, Li Peng said, "China's investment environment has improved a great deal and any remaining problems will be resolved as the reform is carried out."

When discussing tourism Li said, China's rich tourism resources should be used and developed in line with the country's actual conditions.

"We should build more inexpensive hotels instead of so many luxury establishments," Li said, "and all China's tourism facilities should be clean and provide good service."

In a separate meeting, Tian Jiyun briefed Goh on the current situation in China's special economic zones, and in the country's coastal cities and coastal areas where an export-oriented economy is being pushed.

Gu Mu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and the person in charge of China's economic development in coastal areas for many years, hosted a luncheon in Goh's honor today.

Wu Xueqian Hosts Dinner
OW1707195588 Beijing XINHUA in English
1409 GMT 17 Jul 88

[Text] Beijing, July 17 (XINHUA)—Chinese Vice-Premier Wu Xueqian today met and hosted a dinner for Dr. Goh Keng Swee of Singapore, who is economic advisor for the development of China's coastal areas.

They discussed the development of China's tourism industry.

Near East & South Asia

Abu Dhabi Paper Cited on U.S. Missiles 'Offer'
JN1607075188 Abu Dhabi WAM in Arabic 0715 GMT
16 Jul 88

[Text] Abu Dhabi, 16 Jul (WAM)—Citing U.S. diplomatic sources in London, AL-ITTIHAD today said that U.S. Secretary of State George Shultz conveyed to Chinese officials during his present visit to Beijing an American offer. In accordance with this offer, Washington will supply the PRC with sophisticated electronic devices to be used in developing Chinese-made weapons and missiles if Beijing stops supplying Arab countries with intermediate and long-range missiles.

The same sources added that the American offer also included Washington's readiness to support the military cooperation between the PRC and Israel particularly in developing Chinese-made weapons as well as the direct participation of U.S. experts in this cooperation.

Zhou Jiahua Meets With YAR's Al-Kurshumi
OW1707012588 Beijing XINHUA in English
0957 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Chinese State Councillor Zhou Jiahua met with 'Abdallah Husayn al-Kurshumi, minister of public works of the Yemen Arab Republic [YAR], and his party here today.

Al-Kurshumi and his party arrived in Beijing July 13 at the initiation of the Chinese Minister of Communications Qian Yongchang.

Sub-Saharan Africa

Guinean Leader Tours Jiangsu, Meets Governor
OW1707150588 Nanjing Jiangsu Provincial
Service in Mandarin 2200 GMT 12 Jul 88

[By XINHUA RIBAO reporter Sen Yan and station reporter Yang Maosen]

[Excerpts] President of the Republic of Guinea Gen Lansana Conte, his wife, and his entourage visited the Jiangsu Academy of Agricultural Sciences, the Jihecun granary, and a water conservancy project on the Qin Huai He in Nanjing on 12 July. During the visit, he praised China's remarkable achievements in agricultural production and irrigation construction, and said the Guinean people have much to learn from the Chinese people. He expressed the hope that agricultural exchange and cooperation will increase. [passage omitted]

In the evening, President Conte and his wife and entourage left Nanjing for Beijing by special plane. They were seen off at the airport by Governor Gu Xiulian.

Jilin Secretary Hosts Delegation From Djibouti
SK1707112488 Changchun Jilin Provincial
Service in Mandarin 2100 GMT 14 Jul 88

[Text] He Zhukang, secretary of the Jilin provincial CPC Committee, met with and feted a delegation from Djibouti led by (Ali Nahamaod Humaide), administrative secretary of the Central Committee of the Popular Rally for Progress of Djibouti, at the Nanhu Guesthouse on the evening of 14 July. This delegation arrived in Changchun by plane on the afternoon of 14 July. Li Deming, standing committee member of the Jilin Provincial CPC Committee and secretary of the provincial discipline inspection commission, and (Li Yueche), director of the provincial foreign affairs office, greeted the delegation at the airport.

The Popular Rally for Progress of Djibouti is the ruling party of Djibouti and is also the only legal political party of Djibouti. The party strives to consolidate the independence and solidarity of the country and develop the national economy and culture. Toward foreign countries, it pursues the policies of nonalignment, neutrality, and good-neighbor friendship, and it attaches importance to developing friendly relations with our country. In January of this year, it established relations with our party.

Also present at the meeting and banquet were Li Deming, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission; (Li Yueche), director of the provincial foreign affairs office; and comrades from relevant departments.

'Mass Rally' Demands Release of Nelson Mandela
OW1607050188 Beijing XINHUA in English
1436 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—Today's mass rally here called for the immediate and unconditional release of South African black leader Nelson Mandela, who has spent the last 26 years in jail.

More than 400 people from all walks of life joined by some 50 Beijing-based African diplomatic envoys on the occasion of Mandela's 70th birthday voiced their support for the South African people's struggle against apartheid.

Addressing the rally, Gong Dafei, president of the Chinese-African People's Friendship Association, stressed, the Chinese people will, as always, firmly support the South African people in their struggle for racial equality, back the Namibian people in winning national independence, and support all African countries and peoples in their efforts to safeguard national sovereignty and security.

While expressing respect for Mandela, Gong denounced the perverse acts staged by South African authorities since the beginning of this year, including issuing new state of emergency decrees, banning anti-racism organizations, intensifying persecution of ANC (African National Congress) leaders, and attempting to execute the "Sharpeville Six."

"These acts have made the South African people suffer more, as well as increase unrest and instability in southern Africa," Gong said.

Also speaking at the rally, Johnny Makatini, the ANC National Executive Committee secretary for foreign affairs, who is heading a visiting ANC delegation, urged all the world's justice and peace-loving people to double their efforts to assure Nelson Mandela's immediate and unconditional release.

Describing the South African regime as "in deep crisis," he said, "Despite the 2-year state of emergency and brutal repression, political agitation has continued unabated and resulted in the democratic movement registering a string of victories whose overall impact has convinced the oppressed final victory is inevitable, if not imminent."

Speaking on behalf of his fellow African ambassadors to China, Hamad M. Matar, the Sudanese ambassador to China and dean of the African diplomatic corps, expressed gratitude for the continued support of the Chinese people and government to the African liberation cause.

Two other Chinese speakers condemned apartheid and discrimination as a shame to mankind left over by colonialism, and urge the international community to take action in uprooting this "malignant tumour."

Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, attended the rally and met with the ANC delegation prior to the event.

New Ambassador Presents Credentials in Nigeria
OW1507191688 Beijing XINHUA in English
1510 GMT 15 Jul 88

[Text] [Word indistinct] July 15 (XINHUA)—New Chinese Ambassador to Nigeria Jin Boxiong presented credentials to Nigerian President General Ibrahim Babangida here today.

In brief talks after the presenting ceremony, President Babangida said that great achievements made by the Chinese people gave him deep impression when he visited China in October 1984.

He pointed out that China is a big country, playing an inspiring role in the Third World.

He said that the relationship between Nigeria and China is very good and it should be further developed.

Chinese Ambassador Jin Boxiong, who came here on June 5 this year, conveyed to President Babangida good wishes and cordial greetings from Chinese President Yang Shangkun and Premier Li Peng.

He praised the development of friendly relations and cooperation between China and Nigeria and wished the Sino-Nigerian relations will be further strengthened.

CPPCC Group Leaves on African Goodwill Trip
OW1607224788 Beijing XINHUA in English
1457 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—A delegation from the Chinese People's Political Consultative Conference (CPPCC) left here tonight for a goodwill visit to Rwanda, Burundi and Cameroon in Africa.

The delegation, led by Vice-Chairman of its National Committee Qian Zhengying, was going there as guests of the National Revolutionary Movement for Development of Rwanda, the Party of [words indistinct] of Burundi a [words indistinct] Cameroon.

West Europe

Shandong Secretary Briefs French Cadre Group
SK1707033788 Jinan Shandong Provincial
Service in Mandarin 2200 GMT 12 Jul 88

[Text] On 12 July Liang Buting, secretary of the Shandong provincial CPC Committee, received the French delegation of cadres from Rhone-Alpes Province, which was led by (Noble Fulli), member of the French Communist Party Central Committee and first secretary of the Rhone-Alpes provincial Communist Party Committee.

During the reception, Secretary Liang Buting delivered a speech in which he extended a warm welcome to the delegation and discussed the process of the CPC's maturation and development and the tremendous achievements of the Shandong Province over the past few years in conducting reforms of both the political and economic systems.

He stated: Practice has provided that the line, principles, and policies set forth since the 3d Plenary Session of the 11th CPC Central Committee have been well received by the entire party and the people throughout the country. With these lines, principles, and policies, the Shandong provincial party committee has achieved marked development in various fields in conducting its work. The province's total industrial and agricultural output value in 1987 doubled that of 1980.

In his speech, Liang Buting pointed out: Judging from the current situation, we will be able to maintain a higher speed of economic development while deepening the drive to conduct reform and while making progress in opening to the outside world. We are hopeful that the target of economic strategy will be fulfilled at the end of this century. It means that we are able to fulfill the second-stage plan for doubling the first-stage achievement.

He also stated: The Chinese and French Communist Parties have long enjoyed a friendly relationship. Since the establishment of friendly ties, Shandong Province and France's Bretagne region have carried out fruitful cooperation. We hope that both the Chinese and French peoples will further cooperate with each other to make new contributions to achieving friendship and economic development between the two countries.

After the reception, Secretary Liang Buting gave a banquet in honor of the French delegation. During their visit in the province, the French guests will visit the cities of Yantai and Weihai.

Shandong Vice Governor Receives FRG Delegation
*SK1707112288 Jinan Shandong Provincial
Service in Mandarin 2200 GMT 15 Jul 88*

[Text] On the afternoon of 15 July at the Qilu Guesthouse, Tan Qinglian, vice governor of Shandong Province, met with Dr (Merlyn), director of the standardization association of the FRG, and his entourage, who arrived in Shandong Province for a visit to Jinan, Yantai, and Qingdao in the company of Cheng Chuanhui, former director of the State Bureau of Standardization of our country. This visit is devoted to promoting cooperation between Shandong Province and the FRG in the field of standardization and to strengthening cooperation with the province's organs of quality supervision and examination in the field of product quality examination means and techniques. Vice Governor Tan Qinglian and Dr (Merlyn) conversed cordially on matters relating to technological cooperation and exchanges.

Shenzhen, Italian Province Set Cooperative Ties
*OW1607115188 Beijing XINHUA in English
0706 GMT 16 Jul 88*

[Text] Brescia, Italy, July 15 (XINHUA)—Shenzhen, one of China's four special economic zones, and Brescia Province, in northern Italy, have established cooperative ties in economics, science and technology, culture and other fields.

A letter of intention was signed here today by Shenzhen Mayor Li Hao and Costenzo Valli, the governor of Brescia Province. Li and his delegation were visiting Brescia at the invitation of the provincial governor.

The delegation, which arrived here Thursday, has been holding productive discussions with representatives from Italian business and financial circles.

NPC's Lei Jieqiong Hosts Irish Women's Group
*OW1507125788 Beijing XINHUA in English
1126 GMT 15 Jul 88*

[Text] Beijing, July 15 (XINHUA)—Lei Jieqiong, vice-chairwoman of the Chinese National People's Congress Standing Committee and vice-president of the All China Women's Federation, met and hosted a banquet for an Irish women's delegation led by Kitty Harlin, president of the Irish Country Women's Association, here this evening.

Greek Minister Cited on Cruise Ship Attack Probe
*OW1607015388 Beijing XINHUA in English
2359 GMT 15 Jul 88*

[Text] Athens, July 15 (XINHUA)—The Greek police has found some evidence related to the terrorist attack Monday on a Greek cruise ship sailing in the southern Aegean Sea that killed 9 people and injured some 80 others, a Greek Government minister said today.

Merchant Marine Minister Evangelos Yiannopoulos told reporters that the related evidence was found following joint investigations by the Greek police and harbor security forces.

But he declined to give any information about the collected evidence.

The minister said that the Greek authorities are continuing their probes about Monday's bloody incident, the first ever seen in Greece.

He denied some press reports alleging that agents of the U.S. Central Intelligence Agency (CIA) have joined the Greek investigation and searched the attacked Greek vessel.

Only a number of American passengers had asked to return to the ship in order to find their personal belongings lost during the assault, he added.

Yiannopoulos said that among the nine dead, some have been identified, including one French and one Hungarian. But some were so dismembered by the ship's propellers and burned by the blast that they could hardly be identified or confirmed.

At least three unknown foreign organizations have claimed responsibility for the terrorist attack on the Greek pleasure ship, but the Greek authorities have declined to make any comment.

East Europe

Li Xiannian Hosts Hungarian Front Officials
*OW1407130588 Beijing XINHUA in English
1200 GMT 14 Jul 88*

[Text] Beijing, July 14 (XINHUA)—Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met here today with Gyula Kallai and Jozsef Garamvolgyi, respectively chairman and secretary of the Hungarian Patriotic People's Front.

The front is a united front work organization under the leadership of the Hungarian Socialist Workers' Party, which established relations with the CPPCC in 1987.

After the meeting, Li hosted a banquet in honor of the Hungarian guests and Yang Jingren, vice-chairman of the CPPCC National Committee, was present on the occasion.

The Hungarian visitors, who arrived this noon, are here on a visit and on furlough as guests of the CPPCC. They are scheduled to tour the Lushan Mountain in Jiangxi Province and the coastal city of Qingdao in Shandong Province.

'News Analysis' Assesses Warsaw Pact Summit
OW1507064888 Beijing XINHUA in English
1341 GMT 14 Jul 88

[**"News Analysis: New Conventional Disarmament Initiatives Possible From Upcoming Warsaw Pact Summit"**—XINHUA headline]

[Text] Warsaw, July 14 (XINHUA)—There are signs that the 2-day Warsaw Pact summit meeting, which is scheduled to begin on Friday in Warsaw, will possibly produce new conventional disarmament initiatives.

The pact summit opens amidst wide speculations that the Soviet Union and its East European allies are ready to launch a new package of proposals on conventional disarmament in Europe in the wake of recent suggestions by ranking pact officials on their readiness to put forward such proposals.

At a meeting of the Warsaw Pact Political Consultative Committee held last May in Berlin, the pact adopted a document on "Military Doctrine of the Warsaw Pact," saying the pact's military doctrine is of "pure defensive nature" and aimed at maintaining the balance of military forces at lower and lower levels.

In considering respectively their own interests, the Soviet Union and the United States signed last December a genuine nuclear disarmament agreement—the Treaty on the Elimination of Intermediate Nuclear Forces, or the INF treaty.

During the following several months, the two sides expressed the readiness to further the disarmament process, but no progress has yet been made, for both have the ultimate motive of reducing the superiority of the opposite side while maintaining their own advantages.

At the Soviet-U.S. Moscow summit held 1 month ago, no major breakthrough was achieved in disarmament.

According to recent allegations by pact leaders or ranking officials, the pact intends to make a new disarmament effort by proposing pan-European disarmament initiatives.

In February 1987, 23 nations from both the Warsaw Pact and NATO opened in Vienna a preliminary meeting to negotiate what they called pan-European conventional disarmament. However, no agreement has yet been reached at this meeting because the two sides have major differences over what weapons should be included into negotiations and the exact meaning of pan-Europe.

On June 16, 1988, a Soviet disarmament negotiator told a press conference in Vienna that differences between the pact and NATO over conventional disarmament will not remain a permanent obstacle as "new thinking will appear in the process of disarmament."

In the Czechoslovak capital of Prague, Soviet Premier Nikolay Ryzhkov suggested at a press conference on July 8 after a Comecon meeting that an East-West agreement be worked out for a solution to the issue of foreign troops stationed in foreign countries. There should be no armies in foreign territories, he said.

On the same day, Soviet military expert Gen (?Lernid Batekhin) told a press conference in Warsaw that new initiatives on conventional disarmament in Europe can be expected to be announced during Gorbachev's current stay in Poland.

Gorbachev addressed the Polish Parliament on Monday, saying his country is ready to withdraw its Air Force from Eastern Europe if NATO drops its plan of deploying 72 F-16 fighter-bombers in Italy.

The Soviet leader put forward several suggestions on disarmament in Europe in his speech on the first day of his 4-day official visit to Poland.

Gorbachev proposed setting up a European center on reducing war threats, a place for cooperation between the Warsaw Pact and NATO.

He also suggested convening a pan-European summit, "Europe's Reykjavik," to concentrate on the problem of reducing conventional weapons on the continent.

But on Tuesday, the Soviet Union ruled out the possibility of any unilateral Soviet troops withdrawal from East Europe.

Soviet Foreign Ministry Spokesman Vadim Perfilov told a press conference that consultations are under way to include European countries, the U.S. and Canada in talks on conventional disarmament in Europe and that the Soviet Union does not consider it necessary to take unilateral steps in this regard.

Disarmament in Europe should involve all parties and areas concerned, Perfilov stressed.

The Soviet Union has troops stationed in Democratic Germany, Poland, Czechoslovakia, and Hungary, all member states of the Warsaw Pact.

As to what will come up at the Warsaw Pact summit meeting, people will wait and see.

'Round-Up' Views Gorbachev's Visit to Poland
OW1707064688 Beijing XINHUA in English
0734 GMT 16 Jul 88

[**"Round-Up: A Great Event in Polish-Soviet Relations (by Wen Youren)"**—XINHUA headline]

[Text] Warsaw, July 15 (XINHUA)—Soviet leader Mikhail Gorbachev's four-day visit to Poland has been highly praised here.

Polish leader Wojciech Jaruzelski described the visit as "raising cooperation to a very high level" and the Polish news agency called it "a historic event."

Indeed, Gorbachev has brought something to Poland the Polish leadership wanted. He reiterated his support for the Polish efforts in economic and political restructuring.

The joint-statement issued after his visit said, "each country is free to independently decide ways and forms of socialist construction, the speed of social and political reforms and the approach to solving problems."

He said what Poland is doing is essentially similar to what is happening in the Soviet Union.

In a TV speech the Soviet leader praised Jaruzelski as a great friend of his and said the Poles are lucky to have such a great leader. This is a very strong support for the Polish leadership.

Secondly, Gorbachev repeatedly expressed the wish to solve the problems of "blank spots" in Soviet-Polish history, Czarist Russia and former Soviet persecution of Poles and Polish Communists. "We condemn Stalinist repression," he said.

This appeal to the national feeling of Poles will help mitigate their anti-Soviet mood.

Thirdly, Gorbachev expressed respect for the existing Polish territory and borders. During his visit to the Baltic city of Szczecin, which had belonged to Germany before World War II and was incorporated with Poland after the war, he stressed five times that the city belongs to Poland.

Gorbachev's first visit since the recent 19th all-union conference of the Soviet Communist Party is also beneficial to himself. He has won great support from the Polish leadership while reforms in his country are facing many obstacles. This can only enhance his prestige at home.

Latin America & Caribbean

CPC's Rui Xingwen Briefs Argentine Journalist
OW1407121688 Beijing XINHUA in English
1015 GMT 14 Jul 88

[Text] Beijing, July 14 (XINHUA)—Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, met with Rolando Riviere, an Argentine journalist from "LA NACION" (Nation Paper), here this afternoon.

Rui briefed him on China's reform and opening to the outside world as well as its construction.

RENMIN RIBAO Commentator on Corruption
HK1807091088 Beijing RENMIN RIBAO in Chinese
16 Jul 88 p 1

[Commentator's article: "It Is Necessary To Remain Honest in Performing Official Duties."]

[Text] Beijing, 16 Jul— Our party is a party which wholeheartedly serves the people, and our government has always been a government which performs its duties honestly. However, cases involving jobbery, the use of power for personal advantage, dereliction of duty, extortion, and embezzlement and bribery have often been reported in recent years. Fairly serious cases are also reported in some localities. As seen from a number of cases recently exposed, the amount of money involved in corruption often reached tens of thousands or even hundreds of thousands of yuan. The amount of money involved in corruption and bribery cases concerning foreign economic affairs was over 100,000 yuan in foreign exchange. All malpractices such as corruption, embezzlement or misappropriation of public funds, and the squandering of funds allocated for helping poor people or doing relief work have seriously harmed the interests of the state and the people, distorted the image of the party and state organizations, and tarnished the name of reform. Whoever hears about such malpractices is filled with anger.

All these phenomena of corruption have attracted the full attention of the party Central Committee and the State Council. In Comrade Zhao Ziyang's speech which he delivered in south China during the Spring Festival, he pointed out: Economy must flourish, while the government must remain honest in performing its duties. In the "Report on the Work of the Government," delivered to the first session of the Seventh National People's Congress, Comrade Li Peng said, "All cadres, especially leading cadres at all levels, should keep in touch with what the people are thinking and share their concerns. They should firmly oppose corruption, the use of power for personal advantage, jobbery, and the taking or offering of bribes; they should put a stop to extravagance and waste, wining and dining of official guests, and touring the country at public expense; they should promote a commendable work style based on honesty, hard work, plain living and the desire to serve the people loyally, energetically and conscientiously." These remarks and the report have fully reflected the people's demand to put a stop to these phenomena of corruption as well as the determination of the party and the government in waging a struggle against signs of corruption.

Recently, many provinces, autonomous regions, and municipalities directly under the control of the central government have worked out various provisions on the work style of party and government organs in remaining honest in performing their duties. In the name of the provincial CPC committee and the provincial government, Jiangsu Province has worked out provisions calling on party and government organs to give full play to

the work style of performing their duties honestly. The Shanghai Municipal Government issued "Several Provisions for Leading Cadres of Government Organs At and Above the Bureau Level To Display the Work Style Based On Hard Work and Plain Living." The Ningxia Hui Autonomous Regional Government proclaimed the "Several Provisions on Displaying the Work Style of Hard Work and Plain Living." The Guangdong Provincial CPC Committee approved and distributed the "Views on Strengthening Supervision Over Party Members and Cadres in Work Style and Discipline in Carrying Out Activities Concerning Foreign Economic Relations" submitted by the provincial discipline inspection commission. The Sichuan Provincial CPC Committee and the provincial government issued a joint circular in this connection. Shenzhen has set up a center for reporting economic crimes, and will implement a system to make public the financial situation of principal government officials beginning from the second half of this year. All this is aimed at helping the functionaries of party and state organs maintain the work style of honesty.

The demand of the people, the determination of the party Central Committee and the State Council, and the endeavor of the party and government leading organs at all levels have indicated a fine trend. Naturally, it is easy to work out all types of provisions. Whether such provisions can be earnestly implemented and actual results attained awaits long-term and unremitting efforts.

Right now, there are many discussions on the issue of remaining honest in performing official duties. One saying is: Although corruption is a social evil, it also has its own role in society. Under the situation in which bureaucracy prevails, material supplies are short, and it takes too long to have things done through normal procedures, work efficiency can be raised in various social and economic sectors by using bribes as a lubricant. Another version is that China's low wage system is the root cause of corruption, taking bribes, and other illegal activities. If we want our government functionaries to be free from corruption, we must raise their salaries by big margins. These statements are not complete nonsense. Many of our rural enterprises can develop well while materials are in short supply. Their prowess must have something to do with their "flexible" financial management. Historically speaking, there did exist the so-called "expenses for honesty and uprightness," which actually meant a salary for public officials, in the feudal society. We are not idealists who do not eat cooked food; we are not planning to build a "land of the virtuous." It is impossible for any society to remain absolutely pure. There were and will be a few grafters in any age (perhaps with the exception of the communist age). However, this does not mean we may so much as even slightly tolerate the corruptive and degenerative phenomena. We must struggle against them. If we cannot eliminate them, we must contain them within a minimal scope so they can only become individual phenomena in society and never spread quickly.

In eliminating the degenerative phenomenon, we must sternly punish according to law those who pervert justice for a bribe; otherwise we are not doing enough to assuage popular indignation or develop the dignity of law. In addition, we must strengthen education in observing discipline and law, and education in occupational morality. However, fundamentally speaking, to eliminate corruption it is inadequate to rely only on punishing a few individual outlaws and calling for morality. We should seek the fundamental solution in the reform of our political system and in our economic restructuring. While our new structure is gradually gaining perfection, we may close up loopholes and possibly avoid many questions. When our legal system becomes sound, we can act completely in accordance with law. When questions arise, they can be solved easily and in good time. The government functionaries system which we are setting out to build will play an important role in promoting honesty in performing official duties. The government functionaries system will set specific stipulations and demands on government functionaries' selection, appointments and dismissals, duties, assessment, supervision, rewards and penalties, promotion and demotion, etc., thus bringing the work of the party and government organizations within the orbit of acting according to law. Along with the economic development, we should raise government functionaries' remuneration step by step so they can maintain a living standard commensurate with their positions. In addition, illegal incomes, even in the amount of one-tenth of a penny, must be strictly banned. The masses will understand all this.

Currently, all leading organizations must grasp the task of eradicating corruption as a matter of prime importance. This task must be carried out seriously and in a down-to-earth way. We must bring the role of the state's procuratorial, auditorial, judicial, and party discipline inspection organizations into full play and handle corruption cases strictly according to law. We must adopt resolute measures to solve questions to which the masses urgently need solutions. It is necessary to bring the people's supervisory role into full play. Media may openly publish the masses' idea to reflect their views in good time, or they may also report to the public, departments concerned, and leading organizations to inform against violations of law and discipline. If we make our unremitting efforts, we can certainly eradicate the corruptive trends of abuse of power for personal gain, jobbery, manipulation of power for personal ends, dereliction of duty, graft and taking bribes, and can certainly remain honest in performing official duties.

Li Peng, State Council Discuss Economy
OW1607115888 Beijing XINHUA Domestic Service
in Chinese 0818 GMT 16 Jul 88

[By reporter Xu Yaozhong]

[Text] Beijing, 16 Jul (XINHUA)—The State Council held its second plenary session on 15 July. The central theme of this session was to report on the economic

situation during the first half of the year and make arrangements for work in the second half of the year. Premier Li Peng presided over the session and delivered an important speech. He said: The economic situation during the first six months was better than expected. In doing economic work for the second half of the year, we must persistently let reform play a dominant role in all work, continue to implement the principle of further "deepening reform and stabilizing the economy," and lay a solid foundation for quickening our pace in carrying out reform and developments for the next year.

Attending the session were leaders of the State Council Yao Yilin, Tian Jiyun, Wu Xueqian, Wang Bingqian, Song Jian, Wang Fang, Zou Jiahua, Li Guixian, Chen Xitong, Chen Junsheng and others. On various occasions the responsible persons of the State Planning Commission, the Ministry of Agriculture, the Ministry of Finance, and the People's Bank of China systematically made reports on the situation in planning, agriculture, financial affairs, and banking during the first six months of the year and aired their views on the work to be done in the second half of the year. In conclusion, Premier Li Peng made a speech on matters of interest to everyone.

Touching on the economic situation and the question of the economic structuring, Li Peng said: Generally speaking, the economic situation in the first 6 months of 1988 was good. The first 6 months' GNP exceeded 550 billion yuan, up 11 percent from the corresponding period of last year if calculation was based on comparable prices. Total industrial output value increased by 17.2 percent over the corresponding period of last year; in agriculture, reduction of output of summer crops was first estimated, but actual output of summer crops turned out to be about the same as or a little bit more than last year; in foreign trade, import and export showed an upward tendency, with an increase by large margins. Thanks to the measures of curtailment taken in all places, investments in capital construction by units of state ownership increased by 13.6 percent over the corresponding period of last year, showing an increase by smaller margin. In terms of economic results, our product quality was stable and improving. Output of marketable products increased by large margins, with basically no overstocking. Productivity increased. Profits and taxes increased synchronously. Revenues increased by 10.2 percent over the corresponding period of last year, with revenues exceeding expenditures by 5.2 billion yuan.

Li Peng pointed out: However, we should clearly understand that our current economic results are not quite satisfying. A considerable part of the revenue increase is caused by the commodity price factor, not by reducing the consumption of materials or by raising productivity. Investments in capital construction increase by smaller margins, but the current scale is still too large for our national economy. The first 6 months saw commodity prices increasing by 13 to 14 percent, an upward trend by larger margins.

Li Peng stressed: To develop a socialist planned commodity economy, we must have price reform. However, we must make this reform step by step and in a planned way. We must go about it in an orderly fashion. We may smoothly reform our commodity prices if the reform is made step by step in a planned way with concert action in all departments and with the masses' understanding and support. Li Peng called for government at all levels to adopt a prudent attitude, one responsible to the people, while handling the question of commodity prices. Before announcing an important measure to readjust prices, the department concerned must have a well-conceived plan, complete consultation, and gain the forgiveness, understanding, and support of the masses. When we announce a measure to readjust a certain commodity price, it is necessary to resolutely prevent other commodity prices from "following suit." The masses hate this most bitterly. This is apt to undermine the people's hearts and even affect social stability. Therefore, government at all levels must adopt strong measures to curb this "following suit" trend, and seriously check commodity prices to protect consumers' interests before and after a measure to readjust a commodity price is made public. Of course, to keep commodity prices basically stable, we must develop production, which is the fundamental question. Currently, spurred on by the law of value, production of nonstaple food is beginning to pick up. The situation of the pork supply is improving day after day. In some places peasants find it difficult to sell their hogs. This must draw the attention of all places. It is necessary not to let peasants again find it difficult to sell their hogs. We must not dampen peasants' enthusiasm for raising hogs. The supply of vegetables has also attracted the attention of governments at all levels. Vegetable supply in the entire summer season is relatively good. Now we must work out measures to prepare for the off season of autumn and grasp well the production of Chinese cabbage in north China in the coming winter.

Li Peng pointed out: More than 90 percent of China's revenues rely on taxes. Taxes are the main sources of China's revenues. They also act as an important economic lever and the principal means for macroeconomic regulation. Right now, the tax departments are working under very difficult conditions. The various departments of the State Council and the governments at all levels must support them to carry out their work. In making economic developments and attracting foreign investments from now on, various localities must not rely new tax reduction and exemption measures. They must mainly rely on their own real abilities to improve economic results. To attract foreign investments, we must mainly rely on the improvement of investment environment including hard environment and soft environment. China's tax rates are fairly preferential according to international practice.

Li Peng stressed: To stabilize the economy, we must properly control the scale of capital construction projects and the growth of consumer spending, achieve a basic

balance between supply and demand and between revenues and expenditures, make sure that our deficits are below the predetermined figures, and control the issuance of banknotes. These measures are not passive ones. They are aimed at maintaining a sustained and steady growth of the national economy and avoiding excessive ups and downs. This requires that when we make arrangements for production for the second half of this year, we must take into consideration the issues in production for the next year. We must realize our favorable conditions. In the meantime, we must also take into full account the unfavorable factors. We must not risk the equipment and exhaust our raw materials and semifinished products. Various localities must not blindly compete with one another. We must make sure that we have enough reserve power for next year's production and ensure a sustain and steady economic growth.

Li Peng said: To strengthen enterprise reform is an important theme at present. Whether or not price reform can be smoothly carried out is basically determined by whether the enterprises can improve their economic results, because enterprises are the main sources for the state revenues, and we must rely on them to digest the price increases. In increasing wages we must also rely on them to pay the wages. To help enterprises improve their economic results, we still need to rely on our efforts to strengthen enterprise reform. One of the keys in strengthening reform is to reform the enterprise's labor system and its personnel system. Right now, the units that are carrying out experiments in various localities have gained some good experiences in this regard. Such experiences should be summed up and introduced earnestly, such as the practice of rationing labor and the introduction of competition into the personnel system. It will be quite difficult for an enterprise to improve its economic results if it cannot properly solve the problem of surplus personnel in the enterprise and must take on such a heavy burden.

On agricultural production, flood prevention and anti-drought work, Li Peng said: In a country with a population of 1 billion of which 800 million are peasants, agricultural production is always an important factor for economic stability. Generally speaking, autumn crops in the country have many problems, mainly caused by prolonged high temperature and serious droughts in some localities. While there is a large stock of such supplies for agricultural use as chemical fertilizer, insecticide, and plastic films in warehouses; there is a shortage of them in the market. Agricultural and commercial departments in all localities should deliver these means of production as soon as possible to the countryside to enable peasants do farm work in the right season. At present, it is a crucial time for flood prevention as the country has entered a flood season. Because China is vast in area and the climate varies greatly from place to place, floods and droughts can happen at the same time. Therefore, we should pay attention to antidrought work and flood prevention simultaneously. Even though the

water level in the seven major rivers in our country has been normal so far, we must not lower our guard because something unexpected may happen any time.

On the organizational reform of the State Council, Li Peng said: Generally speaking, the reform is proceeding smoothly. Nine new ministries and commissions have been organized on schedule and begun operation. Organizational reform has begun in 52 departments that need no major readjustment. Now, I would like to call your attention to two things. One is that the ministries and commissions that have already completed "three fixes" should truly change their functions in work, establish a new working system, display a new work style, and create a new atmosphere. They should truly shift from the past practice of stressing direct microcontrol to indirect macrocontrol. The other is to prevent restoring the old order, demanding increase of personnel and becoming overstaffed again after the "three fixes." During the current organizational reform, all ministries, commissions, and bureaus of the State Council must without exception delegate the function of direct enterprise management to the enterprises and reduce their staff by 20 percent.

On how to ensure honesty of government organs at all levels and of their personnel, Li Peng said: We have repeatedly called for honest government. Now we must take actions rather than merely pay lip service. At present, we should carry through to the end our efforts to curtail the construction of luxury buildings, auditoriums and hostels. The central authorities and Beijing Municipality have already taken the lead in doing so. Many provinces and cities have also begun to take actions and some of them have achieved good results. However, some provinces and cities are either slow in taking action or haven't taken any action at all. The State Council departments concerned should inspect them and public opinion should exercise supervision over them. We must carry this work through to the end and do it well. In many localities, such construction projects are jointly funded by some State Council departments and local governments. These departments should not look on with folded arms and should take the initiative in discussing with provincial and city governments and take actions together. We should also step up the checkup and consolidation of companies. Since the beginning of this year, some central departments and local governments have set up so many companies that the situation has reached a disastrous extent. Some of the companies are well-managed, playing a positive role in helping the economy to prosper, invigorating the market, and promoting the reform. However, there are also some companies with both administrative powers and corporate funds, and many of them are administrative corporations. Instead of supporting the decisionmaking power of enterprises, these companies restrict such power to a great extent or even take it away from enterprises. They have had adverse effects on the development of production. In particular, some companies are taking advantage of their power and the difference between two sets of

prices to grab gains by buying and reselling goods that are in short supply. They are infringing upon both the interest of the state and the interest of consumers, breeding corruption, and arousing public indignation. The party Central Committee and the State Council have decided to correct such a situation. At present, we should take two urgent measures—to suspend the approval of applications for setting up new companies and to stop any companies from reaping unfair gains in resale activities.

Li Peng also discussed his views on improving treatment of intellectuals and public order and on some new issues in international situation.

Court Rejects Appeal by Student's Killers
OW1607163788 Beijing XINHUA in English
1427 GMT 16 Jul 88

[Text] Beijing, July 17 (XINHUA)—The Beijing Higher People's Court rejected an appeal made by three individuals found guilty of killing one Beijing University graduate student and injuring two others.

On June 29, the Beijing Intermediate People's Court read the death sentence to Wang Jian for deliberate manslaughter and hooliganism, gave the death sentence suspended for two years to Ha Enming for similar crimes, and sentenced Wang Li to three years in prison for hooliganism and harboring criminals.

Liu Bin, an accomplice to the incident, was not punished and two others involved were sentenced to 15 and [number indistinct] years in prison respectively.

After the first ruling, Wang Jian and Wang Li filed appeals with the higher court claiming some facts in the indictment were untrue and the court's sentencing was "too severe."

After further investigation, the higher people's court determined the appeals were groundless and supported the Intermediate People's Court's decision.

Under Chinese law, the death sentences meted out to Wang Jian and Ha Enming will be carried out after another investigation by the Beijing Higher People's Court.

QIUSHI Editors Outline Journal's Goals
HK1607055088 Beijing QIUSHI in Chinese No 1,
1 Jul 88 p 3 (Tentative)

[Article by QIUSHI Editorial Department: "To Readers"]

[Text] Today is the party's birthday and also the day that the journal QIUSHI meets its readers for the first time.

QIUSHI is our party's theoretical journal, and it is run by the CPC Central Party School, as entrusted by the CPC Central Committee.

The CPC Central Committee's decision to stop publication of HONGQI and start publication of QIUSHI is a positive step toward the implementation of the spirit of the 13th National CPC Congress and the enhancement of Marxist theoretical studies and propaganda. This theoretical journal of the party, not directly run by the CPC Central Committee, will be able to better keep up with the new developments in the reform and opening up, do a better job in theoretical exploration and studies, and thus speed up the development of Marxist theory.

"The CPC Central Committee's Decision on Entrusting the CPC Central Party School To Run the Journal QIUSHI" has laid down a general guideline for the operation of QIUSHI: This journal is to follow the party's basic line on the initial stage of socialism, publicize in an all-round manner one center and two basic points, and make sure that reform will play a role dominating the whole situation, guarding against any hidebound thinking and tendency of liberalization. In order to earnestly implement this guideline, we will carry forward the spirit of reform in our editorial work, further emancipate our minds, and try our best to blaze new trails.

QIUSHI will observe the party's ideological principle of seeking truth from facts, try to integrate theory with practice, and conscientiously study theoretical and practical problems relating to the initial stage of socialism in China, especially practical problems arising from reform, the opening up process, and national construction, as well as problems related to party building. In studies and discussions, the journal will hold to the principle of proceeding in everything from reality rather than principles, and it will apply, with a definite object in mind, Marxist standpoints, views, and methods to the exploration of the law governing the objective world, rather than repeat or simply elaborate any available conclusion. Experience should be summed up in theory. Survey reports should be based on facts and be presented vividly. It is necessary to bravely criticize against all kinds of negative and corrupt phenomena within the party and in the community.

We will try our best to run QIUSHI as an open-type journal facing the world. We will regularly study and review developing trends in the political, economic, and cultural fields in the world, as well as all kinds of ideological trends. We will study and introduce other socialist countries' experiences in their reform and opening up efforts. And we will study and introduce capitalist countries' experiences in national construction and management as well. In doing so, our purpose is to help the readers widen their field of vision, to make theoretical explorations, and to use the experiences of others as reference.

QIUSHI will adhere to the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," cultivate good relations with all writers, and open up a broader field of activity to young and middle-aged writers. We advocate discussions on an equal footing. Names should be mentioned in criticism and counter-criticism which can help promote the development of the sciences and arts. The ideological and theoretical circles should foster an atmosphere of unity and harmony and strive with one heart and one mind to fulfill the goal of the four modernizations and revitalize China. We in QIUSHI would like to make more contributions in this respect.

QIUSHI will be concerned about any developments and activities in the ideological and theoretical fields. We will provide brief and precise information on theoretical developments at home and abroad. When it concerns a controversial view, we will try our best not to be biased, but to let the readers make their own judgments. Literature of this type may assume various forms.

QIUSHI will try its best to improve the style of writing. We will get rid of all "lies, big talk, and empty talk" and avoid stereotyped writing. We will make every effort to ensure that articles in QIUSHI will be accurate, clear, vivid, and to the point. We will devote some space to essays, prose, and other works on literature and art. We will try to make the journal lively and popular.

QIUSHI's readers are supposed to be cadres at and above the county level and those who are engaged in theoretical and propaganda work. We also welcome the vast numbers of party members and cadres, as well as teachers and students of universities and colleges, to join our readership.

We are sincerely looking forward to receiving support and help from the whole party and people of all circles throughout the country.

Manuscripts Sought for QIUSHI Columns
HK1607053688 Beijing QIUSHI in Chinese No. 1,
1 Jul 88 p 30 (Tentative)

["Manuscripts Wanted"]

[Text] We are eagerly looking forward to receiving contributions from cadres at all levels, those who are engaged in theoretical and propaganda work, and people from all walks of life to fill the following columns of this journal: "Forum on Reform and Opening Up," "Ideological Exploration and Contention," "Party Life," "Work Studies," "Survey Reports," and "Book Review," as well as "Green Field," which is to carry essays, prose, and other manuscripts on literature and art. All contributions should be addressed to the Editorial Department, QIUSHI Journal, 2 Shatan Street North, Beijing. Contributors are requested to keep a copy of their manuscripts, since we will not be able to return their contributions owing to limited human

resources. It will be up to the contributors to dispose of their manuscripts on their own if a notice on selection of manuscript is not received 2 months after the manuscript is mailed.

Outstanding CPC Members Recognized at Meeting
OW1807134588 Beijing XINHUA Domestic Service
in Chinese 1320 GMT 28 Jun 88

(By reporters Sun Linyao and Hu Qinghai)

[Excerpts] Beijing, 28 Jun (XINHUA)—Over 1,000 party member cadres from various departments under the central state organs gathered at Zhongnanhai's Huai-ren Hall today to hear five outstanding CPC members report on their advanced deeds.

Prior to the meeting, leading comrades Li Peng, Hu Qili, Yao Yilin, Wu Xueqian, Bo Yibo, and Rui Xingwen warmly met with 88 representatives of advanced party branches and outstanding CPC members from central state organs and had pictures taken with them. [passage omitted]

At today's report meeting, the five outstanding CPC members talked about how they upheld reform, worked arduously, performed their duties honestly, and cared for the people. [passage omitted]

Chen Junsheng, member of the State Council and secretary of the Party Work Committee of the Central State Organs, attended and addressed the meeting. He said that the five comrades were representative of tens of hundreds of outstanding party members, and that their advanced deeds showed that the mainstream of CPC members in the central state organs was good. He hoped that there would be more outstanding CPC members like them.

Chen Junsheng stressed the issue of integrity among state organ personnel. He said: China's reform has reached a critical stage, with several major reform measures coming up one after another in the near future. The support of the people and the success of reform hinge on whether state organs can uphold their integrity. Crimes committed even by just a handful of people will tarnish the image of the party and state organs, spoil the results of reform, cause resentment among the people, and unduly hamper the progress of reform. Therefore, in the entire course of reform and opening up, we must be steadfast in carrying out our reform and open policy, promoting economic prosperity, upholding integrity, and preventing corruption. CPC members, especially those holding top posts, should set a good example in maintaining integrity so that others will follow.

Chen Junsheng said: The central authorities have explicitly laid the principles party and state organs must follow to uphold their integrity, that is, state organ personnel must correctly use the mandate given them by the people to serve the people and abide by the law instead of taking

bribes and bending the law; they should impartially carry out their duties and not use their power to serve personal ends; and they should work hard and refrain from indulging in extravagance and wastefulness. In line with these overall requirements, the party work committee of the central state organs asks that all CPC members in state organs, especially those holding top posts, adhere to the following: they must refrain from using their power to ask for or take bribes, engage in corrupt practices, misuse their power for personal ends, or practice malfeasance and extortion; they must refrain from taking or giving gifts and engage in lavish dining and drinking, and instead stick to the rule of limiting themselves to "four dishes and one soup"; they must avoid taking advantage of their posts to engage in bribery, graft, evasion of taxes, embezzlement of public funds, selling of state secrets, or other crimes, and refrain from using their power to ask for unjustified income while conducting economic activities; government organs are not allowed to run enterprises, and no government cadre at any level is allowed to engage in commerce. Chen Junsheng pointed out that CPC members should strictly abide by these principles. Anybody has the right to report and expose such violations.

He said: Clean government is an ongoing requirement and warrants constant observance. It is necessary to establish laws and regulations to ensure the integrity of state organs. To this end, state control, auditing, and judicial organs and party discipline inspection departments should fully exercise their functions. By so doing, the authority and functions of state control, auditing, and judicial organs and party discipline inspection departments in maintaining a clean government will constantly be enhanced. In addition, we should establish and perfect the people's reporting system, and set up reporting centers at control organs and procuratorates at all levels to immediately expose any crime committed by state organ personnel while conducting their duties.

Wang Chuguang, deputy secretary of the party work committee of the central state organs, chaired the report meeting.

Supreme Court President Speaks on Rise in Crime
OW1807115088 Beijing XINHUA in English
1107 GMT 18 Jul 88

[Text] Beijing, July 18 (XINHUA)—China's supreme judge today called on court officials to crack down on felonies and other serious crimes, which are on the rise throughout the country.

Addressing a national judicial conference, which opened here today, Ren Jianxin, president of China's Supreme People's Court, said felony offences including murder, robbery, larceny and rape grew by 36.4 percent in the first half of this year compared with the same period in 1987.

Although cases of economic crimes reported to the courts were down, Ren said, major crimes involving large sums of money went up in the January - June period.

These crimes include embezzlement, bribery, profiteering, swindling, speculation, smuggling of gold and antiques, illegal felling of forests and tax evasion. All of these could seriously disrupt China's economic order, Ren noted.

The supreme judge singled out drug smuggling and trafficking, saying that there has been a dramatic increase in cases of drug trafficking across China's borders by international drug gangs.

He called for special attention to the issue by courts at various levels, saying that owing to domestic and overseas conditions, such crimes were to be expected at times in China during its initial stage of socialism.

Ren urged court officials to focus on crimes that seriously harm the social order and cause strong public discontent.

He said that the courts must be loyal to the law and avoid deals involving personal connections in handling either criminal offences or economic crimes.

He said that special studies and proper trials should be conducted in regard to offences committed by youngsters. Cases involving persons below the age of 25 rose from 3 percent of total criminal cases to 50 percent in recent years, of which 35 percent were committed by adolescents aged 14 to 18.

Attending the court conference are 200 top judges from various provincial, military, maritime and railway transport courts from all parts of the country.

Chinese leaders including Zhao Ziyang, Peng Zhen, Qiao Shi, Xi Zhongxun and Peng Chong met with the delegates today.

Nationwide Protection for Youth Urged
OW1607045188 Beijing XINHUA in English
0119 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—A special law is urgently needed to protect young people as many of them discontinue their studies to find jobs or get involved in crimes.

Last year, about 3 million Chinese school children, 80 percent of whom were girls, dropped out of school, the "CHINA DAILY" reported today.

Since the number of places for students in middle schools is limited, a high proportion of teenagers simply have "no school to go to" after they have completed their primary school education.

"It is better for my children to work in enterprises rather than wander about aimlessly or commit crimes," said the parent of one child laborer.

Enterprises, especially those in rural areas, prefer to hire children as they can do the same jobs as adults but their labor is much cheaper.

The increase in juvenile crime is another result of the lack of protection for the young.

In large cities, 70 to 80 percent of the criminals are juveniles and in the countryside young criminals account for 60 to 70 percent of the total, the paper reported.

They are seduced into committing crimes either by adult criminals or under the influence of the publication of pornography and violence.

A girl from a reform school in the Chaoyang District of Beijing said, "We shouldered too many heavy burdens at school. We had to do assignments given by our parents as well as by our teachers. We simply had no time to play and there were very few recreational activities suitable for us. Seduced by criminals, we committed wrong acts."

Wang Dingguo, who advises on juvenile legislation, said, "Without a law, it is very difficult to deal with juvenile problems such as crime and quitting school for work."

So far, Shanghai and Fujian Province have implemented local protection regulations for juveniles, and conditions are now ripe for the formulation of a nationwide protection law, the paper said.

Some experts suggest the following principles in such a law:

—the law should take into consideration the characteristics of the juvenile, the social circumstances which influence his or her growth, and the objective causes of juvenile crime. The law should not aim to reeducate young criminals rather than punish them.

—It should urge state organizations, enterprises, schools, families, and individuals to create a favorable atmosphere for the healthy growth of young people.

—The purpose of this law is to prevent crimes by the young, so the causes and conditions which may lead to such crimes should be investigated and eliminated beforehand.

Public Security Ministry Puts Newspaper on Sale
OW1507093588 Beijing Domestic Service
in Mandarin 1230 GMT 6 Jul 88

[Text] RENMIN GONGAN BAO [Public Security News], published by the Ministry of Public Security, has been on sale at home and abroad since 1 July of this year.

A responsible person of RENMIN GONGAN BAO told this station: RENMIN GONGAN BAO was inaugurated in October 1984. After being put on sale to the public, the paper will adhere to the principle of keeping the public informed of the public security situation, increase reports on relevant news, and serve the readers at home and abroad. In addition to existing contents, it will add such columns as all circles of the society, talk on public order, telescopic lens of the society, etc. In order to support the development of a commodity economy and production, it will report the efforts made by the public security organs to create a good social environment for reform and opening to the outside world. It will also report social activities in connection with public order, such as disputes and criminal cases concerning marriage, education, contracts, entry into and departure from the country, copyrights, etc. In addition, it will discuss how to eliminate factors of instability.

The responsible person said that they will expand the space for readers' letters, increase reports on foreign alert activities, turn the paper into a vehicle of dialogue between the public security organs and the people, and contribute to publicizing the legal system, serving the people, and maintaining public order.

Various Level Governments To Try Civil Service
OW1807122788 Beijing XINHUA in English
1152 GMT 18 Jul 88

[Text] Beijing, July 18 (XINHUA)—The civil service system will be tried out in five state government departments, and several provincial and city governments before the end of the year.

These departments and local governments will include auditing administration, the State Administration of Environmental Protection, the Ministry of Construction, the governments of Guangdong and Fujian Provinces, and of Guangzhou, Shenzhen and six other cities, said Zhao Dongwan, minister of personnel.

He said that, starting in January next year, the new system will be gradually introduced into all government administrations.

The new system will involve open competition for employment on an equal footing through examinations and a promotion system according to achievements and ability.

The new system is aimed at improving the competence and work efficiency of government personnel, Zhao said, adding that a preparatory group has been formed at the Ministry of Personnel to revise the "provisional regulations for civil servants", which include rules for employment, examinations, rewards and punishments, promotion and the wage system.

Zhao estimated that it will take the country five years to lay a good foundation for a nationwide change in the personnel system of the government.

China has a total of 4.2 million cadres in administrations and departments of government at every level. Among them, nearly 500,000 are serving in the state or provincial government administrations.

Reevaluation of Hu Feng, Other Figures Viewed
HK1507084688 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 28, 11 Jul 88 p 1

["Letter From Beijing" by Bao Xin (7637 0207): "About Hu Feng"]

[Text] Dear brother:

I have received your letter. Your view about the evaluation of historical figures suits me fine. The old remark that "a final judgment can be passed on a person only when the lid is laid on his coffin" was not altogether correct. Whether or not "a final judgment can be passed on a person" depends on whether or not the judgment is correct and conforms to reality rather than on whether or not "the lid is laid on his coffin."

Recently the Joint Publishing Company in Beijing published three volumes of Ye Lingfeng's "Jottings on Reading," which include almost all his writings of this kind. With the front cover and the flyleaf of each volume printed with his favorite Pierrefonds' decorative paintings, the book is tastefully designed and bound. I remember that in the explanatory notes of the old edition of the "Complete Works of Lu Xun" published in the 1950's, Ye was still referred to as a "traitorous scholar." In the past several decades, Ye's works have almost disappeared on the mainland. Few young people know who Ye Lingfeng was. When Ye died in 1975, it was as if a "final judgment could be passed on him when the lid was laid on his coffin." But who can expect that 6 years after his death, the explanatory notes of the latest edition of the "Complete Works of Lu Xun" removed the label of "traitor" from him and that his scholarly and beautifully-written jottings are again selling well on the mainland. From this example we can see that the mainland is tending to be fair and practical in passing judgments on people.

Your remarks on Hu Feng's case should be also observed in the same manner. The erroneous case of 3 decades ago was redressed politically 8 years ago. The so-called "counterrevolutionary clique" was sheer fabrication. Hu and those implicated in the case have already been rehabilitated. Now that you ask my view about Hu's idea on literature and art, I would like to inform you of people's opinion here.

With the redress of the mishandled case, the "material" used in 1955 to determine the case lost its value long ago. People here hold that even in the "Explanatory Material

on Several Theoretical Issues" he submitted to the CPC Central Committee, he had justifiably expressed his views and this had nothing to do with "anti-party" activities. The so-called "five knives" and so on were not his original intention but were charges imposed on him and should therefore be rescinded. As for numerous literature and art ideas and views, including Hu's ideas and views, we should, in line with the provisions of the constitution on academic freedom and freedom of criticism, encourage the practice of letting a hundred flowers blossom and a hundred schools of thought contend, and let the literature and art circles, as well as the vast numbers of readers learn from each other by exchanging views and holding discussions. It is unnecessary to base everything on the likes and dislikes of high officials to determine whether they are right or wrong.

You asked me, "If Hu Feng and company did not form a clique, whether they could be regarded as a 'faction' or a 'ring'." I don't think it is advisable to get to the bottom of the matter. The so-called "rings," "factions," and "mountain strongholds" have existed not only in the literature and art circles, they also have a long history and have been caused by complicated factors. But these are all things of the past. It is not only of no avail but also useless to get entangled in them. Now that all people are busy engaging in the four modernizations as well as other things at the moment, there is no need to settle old scores. We should set store by reality and unity. That is to say, we should look ahead. I don't know whether you agree to this or not.

Hu Feng has died. WENHUI monthly is serializing Ms Mei Zhi's "Biography of Hu Feng." It is hoped that it can give a truthful, complete picture of Hu Feng. Several people implicated in the case are still alive. All of them are still active in literary circles. Professor Jia Zhifang still teaches at Fudan University. Lu Yan works at the People's Publishing House, Wang Yuanhua, Geng Yong, and He Manzi are in Shanghai, and Ji Pang is in Hangzhou. They are all familiar to you. Their articles are often carried in newspapers and magazines and their works are available in bookstores. Their brilliant articles also frequently appear in the domestic edition of LIAOWANG weekly, where I work. The works of other people, such as Lu Ling, A Long, Lu Li, and Niu Han, have also been published by the People's Publishing House in a new edition. I have been talking volubly about this because the mainland is increasingly open ideologically and there is a growing air of democracy. Those who were modest and prudent in the past are now bustling with activity; they know no fear. This is indeed gratifying progress.

You have vehemently criticized the various errors in the past and I profoundly understand this. In his poem Bai Juyi wrote: "King Huai of the State of Chu was evil and Qu Yuan was upright. Wasn't it a pity that the former did not employ the latter? Emperor Wen of the Han dynasty was sagacious and Jia Yi was virtuous. But we can only heave a sigh when Jia Yi was banished to

Changsha. It is not strange that there have been so many changes in people and things. There are errors even in the astronomical law proved to be correct in the past. It will rain when the moon deviates from its position. But who can expect it when it does not rain?" This is indeed an enlightened remark. But as I see it, these things will not happen again in the future. This is the will of the party as well as the people, which is truly said. Yours sincerely, Bao Xin 2 July

Zhao Ziyang Stresses Good Public Relations
OW1707235288 Beijing XINHUA Domestic Service
in Chinese 1232 GMT 14 Jul 88

[By reporters Zou Aiguo and Hu Qinghai]

[Text] Beijing, 14 Jul (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, recently pointed out: The work of handling people's letters and calls is very important. We did a lot of useful work in this area in the past, and should do a still better job in the future. We should, and could, make the work of handling people's letters and calls play a greater role, particularly in keeping the cadres in party and government organs honest.

Zhao Ziyang's opinions on the handling this public relations work were transmitted at a forum held in Beijing on the work of handling people's letters and calls. The forum was sponsored by the bureaus in charge of public relations of the general offices under the CPC Central Committee and the State Council. Comrades from 19 provinces, autonomous regions, and municipalities took part in the discussion meeting, which was held from 12 to 14 July.

The meeting pointed out: Public relations work in handling suggestions and complaints is an important channel for the party and Government to accept public supervision. It should make a positive contribution to keep party and state organs honest.

Information circulated at the forum shows that, thanks to efforts by various localities and departments, the party's various policies have been further implemented, and most public letters and calls have been properly handled; the masses' suggestions, opinions, and criticism have received more attention and played a certain role in deepening reform and keeping the party and government honest. Compared with the same period last year, the first half of this year showed a marked decrease in letters from the masses calling for policy implementation while letters of suggestion, criticism, and supervision showed sharp increases. Problems of imbalance in handling people's letters and visits exist in many localities. For instance, there are cases of not enough intervention on the part of the leadership when their intervention is called for; or problems which should be handled are not handled in a timely fashion. In some localities and departments, there still exists the phenomenon of people not getting things done unless they are given a shove.

The forum held that respecting and correctly handling the problem of people's exercising the right of supervision is one of the important and long-term tasks in the area of handling people's letters and calls. To make the party and government organs clean and honest, departments responsible for handling public relations should welcome, be willing to accept, and provide condition for people's supervision. Comrades working in public relations departments should adhere to principle and uphold justice; tell the truth; swiftly and accurately reflect the masses' opinions to the authorities concerned; and ensure the masses exercise their right of supervision over the party and government organs and leading cadres through the channel of mail and calls. We should firmly support the masses if matters they expose are proved correct after investigation. If not, we should, in coordination with relevant departments, explain to the masses; we should also explain clearly to the ones who raise and expose problems. We should protect the masses who raise and expose problems and help relevant departments take legal or disciplinary action against those who are proved to have falsely accused other people.

Leading cadres of the general offices of the CPC Central Committee and the State Council attended the forum and delivered speeches during the meeting. They called on leading organs at all levels to earnestly study and implement Comrade Zhao Ziyang's opinions on the work of handling public letters and calls; take effective measures to ensure the free flow in the channel of public communication; and make the departments responsible for public relations really become an important link strengthening contacts between the masses and the party and government. They also hoped that the department responsible for public relations would welcome the masses' suggestions and opinions on the four modernizations and accept their practical supervision for the sake of honest party and government organs. They called on cadres responsible for handling public relations to strive to raise work efficiency and professional levels, and adapt themselves to the new situation of deepening reform.

Zhao Ziyang Hails Book Series on Development
OW1707121888 Beijing XINHUA Domestic Service
in Chinese 1138 GMT 16 Jul 88

[By reporter Zhuo Beirong]

[Text] Beijing, 16 Jul (XINHUA)—"China in the Year 2000"—a major soft science research achievement which has just won the top prize of the State Scientific and Technological Progress Awards, is being published as a 15-volume book series. The book series has begun to come off the press in consecutive volumes.

"China in the Year 2000" is an achievement scored by more than 400 experts and scholars from over 20 departments under the State Council by working hard for over

two years. Comrade Zhao Ziyang attached great importance to this research project. He pointed out: This is a major project. If it becomes a book series of high quality, it will be of great significance. We must pay full attention to it.

On the basis of the research results, the book series was repeatedly reviewed, revised, and replenished. All the volumes are written in such a way that readers can easily understand them. With a broad vision, it clearly points out the specific prospects in China's economic and social development by the end of this century. It analyzes the major difficulties we may possibly encounter, expounds the rational ways and plans to realize the strategic tasks laid down by the 13th National Party Congress, and puts forward the proposal for working out the policy to achieve the overall strategy of promoting China's economic, scientific, and social development.

The overall and systematic study and forecast of the nation's future development by the book series have also attracted the attention of the world community. Some experts hold that it will become an important reference material needed by the central authorities and the local governments to shape their policies and long-range plans, and that it will become a key to help the people understand the nation's future and assist the international community in understanding China.

The book series "China in the Year 2000" is a 15-volume series with a total of 450,000 words, including volumes such as "China's Science and Technology in the Year 2000", "China's Social Life in the Year 2000", "China's Natural Resources in the Year 2000", and "China's Overall Quantitative Analysis in the Year 2000." The various volumes are relatively independent while forming a complete set.

This monumental book series is being published by the China Social Sciences Publishing House, the JINGJI RIBAO Publishing House, and the Shanghai People's Publishing House.

Zhao Ziyang Attends Defense College Graduation
OW1507200388 Beijing XINHUA Domestic Service
in Chinese 1136 GMT 15 Jul 88

[By RENMIN RIBAO reporter Luo Tongsong, and XINHUA reporter Wu Kelu]

[Text] Beijing, 15 Jul (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee and first vice chairman of the Central Military Commission, had a photo session today with nearly 500 graduates and cadres who have completed special training courses at the PLA National Defense University. He congratulated the middle and high-ranking officers from the Ground, Naval and Air Forces for their graduation from the highest military academy in China.

Zhang Zhen, commandant; and Li Desheng, political commissar, of the university, presented the red colored graduation certificates to graduates of the basic course department and the teacher-training classes. They are the first group of students having completed all basic curricula since the founding of the university over 2 years ago. Also receiving graduation certificates were departmental, bureau and higher-level local government officials attending the second term of defense studies, the fourth term of advanced studies, and the first term of advanced training class for incumbent cadres.

Hong Xuezhi, deputy secretary general of the Central Military Commission, addressed the meeting. On behalf of Yang Shangkun, vice chairman of the Central Military Commission, he congratulated the graduates and extended his best regards to them. He then praised the university for its achievements in carrying out reform and opening to the outside world, and in training senior military commanders who can face future challenges of the world.

Hong Xuezhi urged the graduates, upon returning to their original units, to continue to study the lines, principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee; study the basic line of the party during the new period and the theory of the initial stage of socialism; apply what they have learned from research in their work; and continue to study new situations and solve new problems so as to keep pace with the time and expedite reform.

Addressing the graduation ceremony, Commandant Zhang Zhen said: The graduates now have a stronger strategic sense and defense awareness; they have had an overall concept of military and political affairs, logistic support, the three services, and the Second Artillery Force; and they have become more capable of doing strategic planning, commanding combined operations, and organizing tactical training. In order to contribute to the modernization of national defense, Zhang Zhen urged the graduates to be promoters and leaders of reform at this important time when the pace of reform has quickened in the Armed Forces and the country as a whole.

Liu Huaqing, Qin Jiwei, Chi Haotian, Yang Baibing, Zhao Nanqi and other leading members of the Central Military Commission and PLA headquarters; and Zhao Zongnai and Teng Teng, leading members of the Organization Department of the CPC Central Committee and the State Education Commission, attended the graduation ceremony.

Zhao, Yang, Yao at PLA Demobilization Meeting
OW1607142388 Beijing XINHUA Domestic Service
in Chinese 1101 GMT 14 Jul 88

[Text] Beijing, 14 Jul (XINHUA)—Party and state leaders Zhao Ziyang, Yang Shangkun, and Yao Yilin today met and took a group picture at Zhongnanhai with all the representatives taking part in the national conference on job placement for demobilized military personnel.

Members of the State Council's group for job placement for demobilized military personnel took part in the meeting.

The national conference on job placement for demobilized military personnel, which began on 12 July, will end on 15 July.

Li Tieying Inspects Qinghai, Stresses Education
OW1707145688 Beijing XINHUA Domestic Service
in Chinese 1322 GMT 14 Jul 88

[By reporter Wang Hongwei]

[Text] During his inspection tour of Qinghai, Li Tieying, member of the Political Bureau of the CPC Central Committee, state councillor, and minister of the State Education Commission, pointed out: Education must meet the needs of economic development and serve the economy. While gradually establishing a new order for the development of socialist commodity economy, we must change the education system which is detached from economic development, and explore and set up a new-type education system conducive to invigorating the nation and quickly developing the economy.

Accompanied by Vice Minister Liu Bin of the State Education Commission and Vice Minister Jiang Jiafu of the State Nationalities Affairs Commission, Li Tieying began his inspection tour of Qinghai on 11 July. They visited Hainan Tibetan Nationality Autonomous Prefecture, Huangzhong County, Hualong Hui Nationality Autonomous County, and Xunhua Salar Autonomous County to study the situation in education there. In connection with the actual situation in Qinghai, Li Tieying said: The structure, system, and mode in education should not be out of line with the local economic environment. They must be closely linked with the people's aspirations, future, fate, prosperity, and well-being so that the people understand that education is our own undertaking and that all the people must develop education through joint efforts. Only by doing so, will the people trained in skills serve the local economy. It is essential to change the outmoded education system which only aimed at helping students enter schools of a higher grade. We must not regard education as a stepping stone to become high-ranking officials or to get out of Qinghai. He said: Economic development is not of the same level throughout the country, and education is not evenly developed throughout the nation. We should no longer maintain the situation in which thousands of people listen to the same lectures and millions of people read the same kind of books.

Li Tieying pointed out: In developing education in remote areas inhabited by people of minority nationalities, we should adopt a "dual system," that is, by simultaneously developing general education as well as vocational and technical education. He said: Our biggest problem in education in the past was that we paid little attention to vocational studies. Now, we must attach

importance to vocational and technical education in order to turn students into workers with vocational skills. Therefore, we must develop various forms of vocational and technical education and implement the concept of "one school, two systems" by linking study with production and integrating schools with enterprises. We should turn schools into centers of education, centers of culture, and centers of technology, and open up a new path in education reform.

Gives Views on Gansu Education

*HK1807012188 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 17 Jul 88*

[Text] Li Tieying, member of the CPC Central Committee Political Bureau, State Councillor, and Chairman of the State Education Commission, left Gansu on 16 July after a 4-day inspection of the province. In Gannan, Linxia, and Dingxi, he heard reports delivered by responsible comrades of the party and government and of the education departments, and visited some secondary and primary schools. He emphatically pointed out that education must serve the effort to make the economy prosper. The education commissions at all levels must make up for the missed lesson in commodity economy.

While in Gannan, Comrade Li Tieying visited (Labuleng) and (Hezuo) monasteries, where the monks gave him a warm welcome. He also met Jamyang Losang Jigme and Tuptain Qoigyi Nyima, members of the CPPCC Standing Committee and vice chairmen of the Gansu CPPCC, and living buddhas (Daikang Luosang Huarsai), (Redan Jiacao), (Gazan Chenglai), and (Yila Chengmei).

Li Tieying expressed appreciation for the efforts of the living buddhas in running schools, and thanked religious figures for administering education for the people. He said: A nation without culture is an ignorant nation, and ignorance is bound to keep people in poverty. It is essential to get a good grasp of education to enable the Tibetan areas to become rich.

Li Tieying said when visiting the (Labuleng) monastery on 15 July: The Tibetan people have ancient cultural traditions, and there are great potentials for developing education for the Tibetans.

Li Tieying arrived in the Linxia Hui Autonomous Prefecture on 15 July. He visited the Linxia secondary school, the nationalities science and technology hall, museum, and the nationalities emporium. He pointed out that the party and government departments at all levels must attach importance to supporting the cause of education. They must grasp the economy with one hand and education with the other, and build Linxia into an economically developed area with prosperous commerce.

In Dingxi, Li Tieying urged the teachers to train more able hands for becoming rich, integrate cultural with technical study, step up vocational education, and train talented people for local employment. Li Tieying put forward two specific suggestions in light of the actual conditions in Dingxi Prefecture: 1) Apply the two-track system of teaching in the (senior) secondary schools; 2) train qualified head teachers and let experts manage education. He also proposed establishing a system of education inspectors.

Li Tieying and his party left Gansu for Beijing on the evening of 16 July. Provincial Party Committee Secretary Li Ziqi and Governor Jia Zhijie made a special trip to see him off at Dingxi station.

Tian Jiyun Attends Agricultural Signing Ceremony
*OW1807060588 Beijing XINHUA Domestic Service
in Chinese 0853 GMT 17 Jul 88*

[By reporter Pu Liye]

[Excerpt] Beijing, 17 Jul (XINHUA)—Large-scale development and construction in the Huanghuaihai Plain has begun in accordance with a unified plan by the State Council. The Leading Group for the Administration of the State Land Development and Construction Fund recently signed agreements in Beijing with the Hebei, Shandong, Henan, Jiangsu, and Anhui Provincial People's Governments on comprehensive projects for agricultural development and construction on the plain.

Present at the signing ceremony were Tian Jiyun, vice premier of the State Council; Chen Junsheng, state councillor and head of the Leading Group for the Administration of the State Land Development and Construction Fund; and responsible comrades of the State Council departments concerned. Signing the agreements were He Kang, deputy head of the Leading Group for the Administration of the State Land Development and Construction Fund and minister of agriculture; Xiang Huaicheng, deputy director of the office of the Leading Group for the Administration of the State Land Development and Construction Fund and vice minister of finance; vice governors of Hebei, Shandong, Henan, Jiangsu, and Anhui as well as responsible persons of the agricultural development and investment corporations in the provinces. At the ceremony, Vice Premier Tian Jiyun spoke on the present situation in agricultural production, reform, and development. [passage omitted on description by reporter of plain]

Chi Haotian Calls for Rectifying Army Style
*OW1707132788 Beijing Domestic Service in Mandarin
2130 GMT 14 Jul 88*

[Text] Speaking at a mobilization meeting on fostering a new army work style, held by PLA units stationed in the capital on 14 July, Chi Haotian, chief of the general staff, called on all PLA units to step up the effort to regularize

the Army and rectify the army's work style in order to greet the implementation of the new military ranking system with a new mental outlook.

He emphatically pointed out: PLA units stationed in the capital, the three PLA general departments, and cadres, especially leading cadres, should play an exemplary role in rectifying the army's work style and maintain high army standards. They should earnestly carry out rules and regulations, and ensure that laws are observed and lawbreakers punished, thereby fostering a fine combat style, strict discipline, and a good soldier's image.

Satellite Communication Station Developed
OW1807060088 Beijing XINHUA Domestic Service in Chinese 0142 GMT 13 Jul 88

[By reporter Liu Yingru]

[Text] Shijiazhuang, 13 Jul (XINHUA)—Recently a new-type vehicle-mounted earth satellite communication station was successfully developed by the No 54 Research Institute of the Ministry of Machine Building and Electronics Industry, and officially turned over to the user to be put into operation.

This type of vehicle-mounted earth satellite communication station is able to carry out its tasks in communications flexibly and expediently in any area connected to highways throughout the country. At the same time, it can use international or domestic synchronous satellites to form a nationwide and all-weather, high quality communication network. It can also be used to transmit scrambled telephone conversations, telegrams, high-speed data, static images, and field television pictures.

This type of earth satellite communication station has been approved by the International Telecommunications Satellite Consortium. It will take part in the work of launching China's new satellites.

XINHUA To Begin Satellite Transmission System
OW1707020588 Beijing XINHUA in English 1336 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—XINHUA, China's governmental news agency, will start operating the country's first satellite broadcasting system with service available to domestic news organizations this year.

The new system, which will service about 400 news agencies at the prefectural-and city-levels, will replace the agency's outdated short-wave facsimile system, and when completed, news organizations nationwide will be able to receive XINHUA stories up to 15 times faster.

The project is another of XINHUA's improvements in micro-wave technology and will rely on micro-earth station technology imported from the United States along with the agency's own micro-computer technology.

Energy Targets Reached Ahead of Schedule
HK1407123988 Beijing CEI Database in English 14 Jul 88

[Text] Beijing (CEI)—China produced 440.3 million tons of raw coal from January to June, about 39.7 million tons more than the planned quota. The coal mines run by The Ministry of Energy Resources (former Coal Industry Ministry) produced 222 million tons, 12 million more than planned quota.

The output of crude oil reached 9.6 million barrels, hitting the target for the first six months; the output of natural gas amounted to 6.94 billion cubic meters, fulfilling 50.6 percent of the annual plan.

In the first six months, China generated 263.04 billion kwh of electricity, about 50.1 percent of the annual plan, including 214.79 billion kwh by thermal power plants and 48.25 billion kwh by hydropower stations.

New generating sets with a total capacity of 3.68 million kw went into production during the first six months, including 2.925 million kw of thermal generating sets and 76,000 kw of hydraulic power sets.

Forum on Theory of Army Reform Ends
OW1807043588 Beijing XINHUA Domestic Service in Chinese 1333 GMT 15 Jul 88

[By reporter Xu Jingyue and correspondent Fan Hao]

[Text] Beijing, 16 Jul (XINHUA)—A forum on the theory of army reform ended today.

Over 50 theoretical workers from both in and outside the Army spent 5 days discussing the problem of how to speed up and deepen army reforms, including the guiding ideology, general goal, and breakthrough of army reforms; the size and structure of the Army and its weaponry; the building of the Navy, Air Force, and Reserve Forces; the system of ideological-political work and cadre management; and the building of a logistics department.

The theoretical workers held that to reform the Army, there must first be a reform of minds. In accelerating and intensifying army reform, we should make it a policy of the reform to eradicate the negative concept which regards reform and stability as contradictory and build up a positive concept of seeking stability and development through reforms. Regarding the aim of army building, a concept of serving the people should be updated and an awareness of the interests of national defense established. Regarding the principle of army building, a concept of building the Army politically should give way to that which attaches importance to military functions. As for the general goal of reform, the narrow and closed "concept of land defense" should be expanded to an open "concept of land-ocean defense."

Those attending the forum also pointed out that the deepening of army reform must go through three transformations, that is, transformation from a unitary and partial reform to an overall and coordinated reform, from low-level to high-level reform, and from concern solely for reform of the Army itself to harmonious development of reforms in the Army, the state, and localities.

PLA Air Force Commends Outstanding Air Division
OW1707132988 Beijing XINHUA Domestic Service
in Chinese 0711 GMT 14 Jul 88

[By correspondent Zhang Zhanfa and reporter Cai Shanwu]

[Text] Beijing, 14 Jul (XINHUA)—An Air Force leading organ issued a circular today, commending a certain air division for carrying out reform, displaying a pioneering spirit, and raising its combat effectiveness to a new level and calling on all PLA units and military academies to learn from this division and make contributions to accelerating the process of revolutionization, modernization, and regularization of the Air Force.

This air division is a veteran flying unit. During the new historical period, the division's party committee has regarded its education and training work as strategically significant; led all commanders and fighters to work hard despite difficult conditions and an unfavorable environment, and raised its combat effectiveness to a new standard. It has overfulfilled its flying time targets over the past decade. All its pilot vacancies have been filled over the past 5 years. All its air regiments have fulfilled their training targets. The air division has enough flight commanders, flight instructors, and crew members for its lead aircraft. Most of its pilots are qualified to fly in four different weather conditions. The air division carries out its training programs with high efficiency and high speed. It has made new breakthroughs in tactical studies, and achieved new progress in improving its overall combat effectiveness. The entire air division has also continuously kept an excellent flight safety record for the past 5 years.

Meeting on Resettling Demobilized Cadres Ends
OW1707132488 Beijing XINHUA Domestic Service
in Chinese 1348 GMT 15 Jul 88

[By reporter Gai Yumin]

[Text] Beijing, 15 Jul (XINHUA)—The national conference on resettling demobilized military cadres urged armed forces and civilian authorities to make concerted efforts and do an even better job in resettling demobilized military cadres this year.

The meeting, which closed today, reviewed the resettlement of military cadres during the past 3 years and called on military and civilian authorities to properly accomplish this year's resettlement plans. The participants

acknowledged the achievements of the past several years and discussed how to accomplish this year's projects. They said: This year's resettlement coincides with the implementation of three sets of regulations concerning military cadres. Whether demobilized cadres can leave the military on time and be properly resettled will have a direct impact on the implementation of the regulations and the armed forces' reform and development. This being the case, all local party committees, governments, and departments in charge of resettlement of demobilized cadres should warmly support military reform and construction, continue to regard resettlement of demobilized cadres as a political task, and accomplish this year's resettlement plans according to policies and regulations drawn up by the State Council and the Central Military Commission when the Armed Forces were engaged in reduction-in-strength reorganization. They should look at resettlement from the demobilized cadres' viewpoint and do everything they can to help them solve problems, such as those concerning jobs and housing for these cadres and their dependents. All military units should take the initiative in educating these cadres to preserve and carry forward the glorious traditions of the people's Armed Forces, understand the local authorities' difficulties, correctly approach job placements, and volunteer to work for the four modernizations in areas where they are needed most by the country.

It was learned that several tens of thousands of demobilized cadres have all been accepted by various localities. Leading comrades in charge of resettlement have indicated that they will step up assigning and training these cadres so that they can assume new posts as early as possible.

The participants maintained: The current measures for resettling demobilized cadres are not fully compatible with commodity economic development or the new system governing state functions because those measures were drawn up under a planned economic system. During the course of accelerating and deepening political and economic restructuring, resettlement of demobilized military cadres will encounter many new problems, and incompatibilities between certain regulations and reform programs will be increasingly pronounced and must be reformed immediately, otherwise the road ahead will become even more narrow. For this reason, we must hasten to institute a new resettlement system which is compatible with the situation in the country and the Armed Forces and supplements the restructuring of civilian and military personnel systems. The meeting urged military and civilian departments to study the issue together and come up with good ideas for reforming resettlement measures.

Zhao Dongwan and Zhang Hanfu, respectively head and member of the State Council leading group for the resettlement of demobilized military cadres, addressed today's meeting.

Regulations on PLA Medals of Honor
OW1507124588 Beijing XINHUA Domestic Service
in Chinese 0804 GMT 2 Jul 88

[Text] Beijing, 2 Jul (XINHUA)—Regulations of the Central Military Commission of the People's Republic of China on Conferring the Medal of Honor of the Chinese People's Liberation Army on Retired Army Cadres for Meritorious Service

The Central Military Commission has decided to confer the medal of honor of the Chinese People's Liberation Army on retired army cadres in recognition of the historical meritorious service of those who joined the Army or the revolutionary ranks during the years of the Chinese people's revolutionary war and as an encouragement for them so that they will preserve and carry forward the revolutionary tradition. The following regulations are hereby laid down:

Article 1. The medals of honor for meritorious service are divided into three kinds: The Red Star Medal of Honor of the Chinese People's Liberation Army for Meritorious Service (two classes), the Independence Medal of Honor of the Chinese People's Liberation Army for Meritorious Service, and the Victory Medal of Honor of the Chinese People's Liberation Army for Meritorious Service.

Article 2. The Red Star Medal of Honor, First Class, of the Chinese People's Liberation Army for Meritorious Service shall be conferred on the following personnel:

1. Retired army cadres who joined the Army or the revolutionary ranks before 6 July 1937 and who were conferred the rank of major general or above before 21 May 1965; and

2. Retired army cadres who joined the Army or the revolutionary ranks before 6 July 1937 and who served in leading positions at the provincial or ministerial level before 21 May 1965.

Article 3. The Red Star Medal of Honor, Second Class, of the Chinese People's Liberation Army shall be conferred on the following personnel:

1. Retired army cadres who joined the Army or the revolutionary ranks before 6 July 1937 and who were conferred the rank of senior colonel or below or were not conferred a military rank before 21 May 1965;

2. Retired army cadres who joined the Army or the revolutionary ranks before 6 July 1937 and who were conferred the rank of major general or above before 21 May 1965 but were reduced to a lower position or rank or dismissed from office after 22 May 1965; and

3. Retired army cadres who joined the Army or the revolutionary ranks before 6 July 1937 and who served in leading positions at the provincial or ministerial level before 21 May 1965 but were reduced to a lower position or rank or removed from office after 22 May 1965.

Article 4. The Independence Medal of Honor of the Chinese People's Liberation Army for Meritorious Service shall be conferred on retired army cadres who joined the Army or the revolutionary ranks between 7 July 1937 and 2 September 1945.

Article 5. The Victory Medal of Honor of the Chinese People's Liberation Army for Meritorious Service shall be conferred on retired army cadres who joined the Army or the revolutionary ranks between 3 September 1945 and 30 September 1949.

Article 6. Decisions shall be made in accordance with these regulations as to whether or not retired army cadres who made serious mistakes on which no conclusions have yet been reached or which have not been dealt with will be conferred the medal of honor for their meritorious service after conclusions are reached or such mistakes are dealt with.

Article 7. The medal of honor shall not be conferred on any personnel who joined the Army or the revolutionary work before 30 September 1949 but lost army retirement benefits because of commitment of serious mistakes.

Article 8. The conferment of the medal of honor of the People's Liberation Army on any retired army cadre shall be decided by the Central Military Commission, and the conferment shall be made through an order issued by the chairman of the Central Military Commission.

Article 9. Recipients of the medals of honor of the People's Liberation Army shall be accorded the following preferential treatment by the Army:

1. To be invited to attend important festival gatherings and army reviews, with some of them to be seated on rostrums or reviewing stands, according to circumstances;

2. To be invited to watch military exercises in the place of their residence according to circumstances;

3. To be hired to hold honorary jobs according to circumstances if they have certain specialties or achievements; and

4. To be given a fixed amount of cash award.

Article 10. If a recipient of the medal of honor of the People's Liberation Army is convicted on a criminal charge, the Central Military Commission shall decide

whether to revoke his or her medal of honor. If the medal of honor is revoked, he or she shall no longer enjoy the preferential treatment described in Article 9.

Article 11. Whoever counterfeits, falsely claims as his own, or sells the medal of honor of the People's Liberation Army and its certificate shall be punished. A lost medal of honor shall not be replaced.

Article 12. The medals of honor of the People's Liberation Army shall be conferred in accordance with these regulations on army cadres who are holding jobs in the CPC advisory commissions, the people's congress standing committees and the CPPCC committees at all levels, and no longer serve in the Army.

Article 13. Detailed procedures for implementing these regulations shall be formulated by the General Political Department of the People's Liberation Army and shall be submitted to the Central Military Commission for approval before going into effect.

Article 14. These regulations come into force upon promulgation.

Investment Management Shifts to Corporations
OW1507163288 Beijing XINHUA in English
1558 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—The direct management of investment has just been shifted from China's State Planning Commission to six specialized state-run corporations, Fang Weizhong, the commission's vice-minister, announced.

These corporations will handle investments in energy; transportation; raw materials, machinery, electric appliances, light industry and textiles; agriculture; and forestry.

Holding legal status, these corporations will be administered by the State Council for the development and management of investment in fixed assets, the vice-minister said.

The establishment of these firms, Fang explained, is aimed at eliminating the past practice of distributing fixed assets investment through administrative means and instead introducing economic means to make the system more efficient.

The corporations will also re-assess existing projects and offer guidance to investment projects in selected localities and enterprises.

Describing the new practice as "an important step forward in China's economic reform," Fang also said, the State Council recently discussed and approved a short-term scheme for reform of the country's investment management system which will be published soon.

Vice Minister Urges Controlling State Deficit
HK1807100088 Beijing CHINA DAILY in English
18 Jul 88 p 2

[Text] Measures should be taken to increase revenue and reduce spending to keep the State deficit within 8 billion yuan this year, Vice-Minister of Finance Chi Haibin said on Friday.

Chi told a national meeting on finance in Beijing that revenues in the first half of the year were 99.536 billion yuan, 10.2 percent up on the same period last year, and they accounted for 42 percent of the budget.

Expenditures were 94.304 billion yuan, up 10.9 percent over the same period last year, and accounted for 37.6 percent of the budget.

Chi acknowledged problems, and noted that among Chinese enterprises the growth of profits and taxes has fallen behind that of production and sales.

He said some localities and departments have reduced or evaded taxes and used the revenue that should have been turned over to the State to raise wages or give bonuses and subsidies.

An attempt to curb unnecessary spending and extravagance has not been successful, and revenue growth has slowed down compared with last year, he said.

Still, there were some favourable signs, the industrial sector grew remarkably quickly in the first half of the year and was expected to continue to grow, thus ensuring some increase in revenues.

LIAOWANG on Socialist Commodity Economy
HK1607074388 Beijing LIAOWANG in Chinese
No 27, 4 Jul 88 p 3

[Article by Gao Chengde (7559 4453 1795): "The Great Significance of Establishing the New Order of Socialist Commodity Economy"]

[Text] At present, China's reform has entered upon a crucial phase. Our goal is to break up the planned economic pattern of products, to develop a socialist commodity economy, and to promote a great development of social productive forces. To develop a socialist commodity economy, it is imperative to gradually establish the new order of socialist commodity economy through deepening economic and political structural reforms.

With economic structural reform over the past 9 years or so, China's national strength has greatly increased, people's living standards have markedly improved, and the situation of the entire national economy has taken on an unprecedented prosperity and vigor. However, in many aspects of the economic area, a semicommodity-oriented and semimarket-oriented condition remains, to the

effect that the distribution of materials and equipment within the plan coexists with that outside the plan, while listed prices coexist with negotiated prices. Such a double-track structure in a transitional period, in which the old structure is being converted into the new, has been helpful to promoting production development, but has, fundamentally speaking, violated the principle of commodity economy. Such circumstances have resulted in some people taking advantage of the loopholes in the coexistence of the new and old structures and of excessive centralization to pursue unhealthy tendencies. They have practised unfair competition with general economic organizations. Such competition is characterized by sanctioning, in an underhand way, raw materials purchase, the supply of energy resources, and the regulation of foreign exchange, as well as monopolizing the market, prices, and employment of qualified people. This has shown that a set of regulations regarding economic behavior to be observed by the majority is not yet on the horizon, and that the vitality released by reform has not been guided in the correct direction. In other words, we lack an economic order that is suited to the operation of the new structure of socialist commodity economy.

To establish the new order of socialist commodity economy, it is primarily necessary to have a good grasp of the commodity economy principle, which is none other than fair and reasonable exchange of equal value. The legal status of the two parties concerned in commodity exchange is on the basis of equality. The exchanged commodities are of equal value, and the two parties concerned have reciprocal rights and obligations. Historically, the reason the bourgeoisie was capable of overcoming the feudal class was that it was good at applying the principle of commodity economy, and stressing equality in human rights. Although such equality is only in form in many aspects, the principle of equality itself should be affirmed, and is a long stride ahead of feudal special privileges.

To develop commodity economy, it is imperative to follow the principle of commodity economy in doing business, whether in socialist society or capitalist society. Of course, socialist commodity economy possesses its own characteristics, but the principle for developing commodity economy is universal, and must be observed. Otherwise, the development of commodity economy will be impossible, or impaired, which is still worse for that matter.

Apart from observing the principle of commodity economy, and applying such economic means as planning, finance, taxation, credit, prices, and wages in establishing the new order of socialist commodity economy, it is imperative to establish a complete and perfect legal system for economic control to include all economic activities within the orbit of the legal system. The legal system in the economic area is precisely the laws reflecting objective economic law as well as the laws that embody the principle of commodity economy. Such

laws, and not the will of some individual, are the criteria for economic control. Anyone, be he an ordinary citizen or a state leader, and any organization, be it an ordinary enterprise or a state leading organ, must handle affairs in accordance with the law, which is the criterion for judging right and wrong. Only by establishing the legal system of economic control in an all-round way, with the genuine implementation of the principle that there must be a law to abide by, the law must be abided by when it exists, the law must be strictly enforced, and those who have violated the law must bear the responsibility, will it be possible to guarantee the smooth progress of economic and political structural reforms, when the law has become the authority in people's minds.

To establish the new order of socialist commodity economy, it is imperative to require party and government organs to be free of corruption in order to guarantee the smooth progress of reforms, apart from handling affairs on the basis of the commodity economy principle in the economic area.

In addition, it is imperative to strengthen political and ideological work among public service personnel, to improve their quality, to make complete and perfect the related regulations and legal system, and to strengthen the work of economic supervisory departments. Those public service personnel who are corrupt and who accept bribes must be severely punished. All activities in violation of the law, including embezzlement, accepting bribes, extorting bribes by abusing power, corruption, degeneration, and selling state interests for personal gain by public service personnel must be strictly punished. At the same time, the maintenance of honesty must be cultivated through improving the treatment of public service personnel step by step, while correcting the unreasonable phenomena of unfair distribution and the reversed relationship between white-collar workers and manual workers, with the former getting less wages, so that their enthusiasm in work may be heightened and their sense of responsibility stimulated with the improvement in their material treatment. In a certain sense, laying equal stress on reward and punishment is also necessary in establishing the new order of socialist commodity economy.

To establish the new order of socialist commodity economy, it is also necessary to strengthen the supervision by legal departments, apart from making complete and perfect legislation. The law should not restrict reforms, but instead promote them. Therefore, it is necessary to be prudent in formulating relevant laws; however, once they are promulgated, they must be strictly carried out. Otherwise, laws will be mere empty words if their execution is arbitrary; and consequently, they will lose their prestige in people's eyes, and their proper function will be reduced to nil. It is necessary to firmly halt the phenomena in which tit-for-tat policies from below are always ready to counteract any policy from above, along with so-called "flexibility" in dealing with the law. Being strict in enforcing the law will set an example to the

people in Hong Kong and Macao, and will help strengthen their confidence in returning to the motherland. Moreover, it will create a sound investment climate for foreign businessmen.

As we have now laid stress on the separation of party from government, the separation of government from enterprise, and the separation of ownership rights from managerial rights, power should likewise be separated from the law. It is wrong to place power above the law, but will it be right to place power under the law? Power and the law are two concepts which are different but connected with each other. The separation of power from the law refers to the demand that party and government organs should not intervene in the work of judicial departments. Leading cadres of party and government departments are by no means authorized to issue instructions to judicial departments or to change the decisions of judicial organs. Now the state is to avoid intervening in enterprises' operational activities; likewise the state should stop intervening in judicial trials. At the same time, it is also necessary to improve the quality of judicial personnel in a big way. Those who are incompetent in their work must be removed from office, and those who know the law but who have violated it must be strictly punished according to the law.

At present, we must resolutely and steadily do a good job in resolving some tough and unavoidable problems in the course of reform. At this crucial juncture, establishing the new order of socialist commodity economy is the key to resolving all problems.

Paper Cited on Plant Directors' Reform Pleas
OW1607045088 Beijing XINHUA in English
0151 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Many factory directors have suggested that emergency measures should be taken to check the setting up of companies by party and government departments, said "WORKERS' DAILY".

These companies belong to many party and government organizations in several provinces and cities. Using their authority and the difference between state-set and market prices, employees and officials of these organizations have got rich by unfair means. They have seriously disrupted the order of the market and corrupted social values.

Fifty-six companies were reportedly set up by party and government organizations in a single province this year. And in 1 small city, 106 such companies appeared in 1 year. Meanwhile, more applications to set up similar companies are submitted every day, the newspaper reported.

Among these companies, some had formerly been departments and offices in charge of certain administrative work. For example, the capital construction department of the planning and economic committee in one

province was turned into an investment company, its technical department was turned into a project assessment company, and the labor and wage department became a labor service company.

This aroused endless grievances from many factory directors. One said four companies had been set up recently by a government bureau with authority over the factory. One of them is the technical consultative service company, once the bureau's technical office. Some of its technical personnel were transferred from the factory and other subordinate enterprises and units. The director said that after the capital construction office of a local government was turned into a capital construction investment company, it resold loans to his factory when the money should have been distributed there.

The bureau's labor office, the director continued, changed its name to a labor service company. It not only occupied his factory's site and housing, but also competed with his factory in business transactions.

Some factory directors said indignantly that this kind of company strives for both power and money. This is an even worse situation than under the administrative departments which used to control these enterprises, because these companies usually destroy ordinary enterprises.

There are two main reasons for this trend. One is that the order of the new socialist commodity economy has not crystallized and authorities can use their power to get money under these conditions. The other is the existence of a double-price system in China, making the "authority of money" possible, the paper said.

In order to check this trend, the country should restrict the approval of applications and get rid of the companies which have been set up. If these companies want to continue in business, they must completely sever their associations with the party and government organizations.

New Commercial Order Called For
OW1507214688 Beijing XINHUA in English
1612 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—"A new commercial order is badly needed in China [word indistinct] curb excessive price hikes, irrational distribution policies, and corruption," said Gao Shangquan, vice-minister of the State Economic Restructuring Commission.

Gao made the plea at a meeting sponsored by the Ministry of Commerce because these three problems have increasingly aroused public concern.

"Power abuse for personal gains, illegal reselling at high profits, graft and bribery are seriously hampering normal economic operations, damaging the reform's reputation,

and directly affecting the interests of both the state and the masses" Gao pointed out, adding the basic way to eradicate these trends lies in establishing a new commercial order.

All transactions should be carried out openly on the market through equal competition so as to make behind-the-scenes deals illegal, Gao urged.

Gao suggested the distribution of goods via state allocations be changed into direct trading, while those steel plants involved in barter trade to evade taxes should be reprimanded.

At present, Gao said, deals are commonly sealed without receipts and many departments charge more than the prices entered on receipts.

Printing and distributing standardized dispatch lists for commercial activities is necessary, Gao said, and decrees and regulations should also be worked out.

Gao's other suggestions included abandoning the two-level price system which permits the co-existence of market and state-set prices, exercising close supervision over economic activity, and banning state-run companies which make profits by reselling commodities at high prices.

Mergers 'Third Tide' in Enterprise Reform
OW1507105588 Beijing XINHUA in English
0819 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—The merger of ailing enterprises with successful ones will play a very important role in the reform of China's enterprises, a Chinese economist says.

Pang Zengyue, a member of the Economic and Cultural Research Center under the Anhui Provincial Government, discusses this merger system in an article in the "WORLD ECONOMIC HERALD," a Shanghai-based journal.

The rapid development of China's present reform has brought about the paid transference of enterprise property, known in some places as "the annexation of enterprises" or "the selling of enterprises", he said.

China's annexation of enterprises originated in 1984 in Baoteng City, Hebei Province, where 18 industrial enterprises have now been sold. Between 1986 and 1987, 31 state-owned mini-commercial service enterprises were auctioned in Beijing. In Wuhan, 32 industrial enterprises have now been merged. Many other cities, such as Chongqing, Changsha, Qingdao and Shenyang have also practised this annexation.

Many economists predict that this annexation of enterprises will form the so-called "third tide" of China's enterprise reform. (The "first tide" was characterized by the reduction of taxes and the "second tide" by the introduction of the contract and leasing systems.)

The biggest advantage of such annexation lies in the fact that it brings the loss-making enterprises back to life by centralizing the essential production elements in the hands of those enterprises that are superior in business and management, he said.

World economic developments have shown two ways of dealing with enterprises with a long-term deficit; one is to declare them bankrupt, the other is annexation.

Some Chinese enterprises are so heavily in debt that they cannot even afford to pay their staff, while others are booming and eager to expand.

The joining together of these two types of enterprises can effectively solve the problem of both. After annexation, the inferior enterprises lose their lawful right to property but turn a new leaf in operations while the superior enterprises readjust to increase their production, Pang said.

Another advantage of such annexation is that fixed assets are used more fully.

China's total amount of fixed assets was recently estimated to be more than 700 billion yuan. Business losses and the assets lying idle amounted to one third of the total—more than 200 billion yuan.

The lack of funds is the biggest problem facing China's economic development. The annexation of enterprises will cause fixed assets to flow on to the markets, he said.

State Council Circular on Liquidating Inventory
OW1507110288 Beijing XINHUA Domestic Service
in Chinese 0718 GMT 7 Jul 88

[Text] Beijing, 7 Jul (XINHUA)—A recent circular of the State Council urged people's governments in all localities to consider the liquidation of inventories in enterprises in order to tap their potential for funds as an important economic task for this year, and to enlist the relevant departments to take effective measures to fulfill this task.

The circular pointed out that, on the one hand, production funds are seriously short, while on the other, enterprises have taken up too many funds and circulate them too slowly. Adopting a program of taking inventory, making better use of stored goods, and tapping the potential for funds in enterprises will have important significance in easing the disparity in supply and

demand of funds, promoting the rationalization of industrial structure and product mix, increasing socioeconomic benefits, and ensuring the smooth conduct of economic restructuring.

The State Council issued the circular to provincial, autonomous regional and municipal governments, and departments under its jurisdiction to convey the "Request for Instructions on Further Actions Concerning Taking Inventory, Making Better Use of Stored Goods and Tapping the Potential for Funds in Enterprises," submitted for instructions by the People's Bank of China, the State Planning Commission, and the Ministry of Finance.

The request to the State Council from the People's Bank of China, the State Planning Commission, and the Ministry of Finance stated that in 1987 and in accordance with the plan drawn up by the CPC Central Committee and the State Council, the former State Economic Commission and the People's Bank of China organized and conducted an undertaking to take inventory, make better use of stored goods and tap potential for funds in enterprises. After the joint efforts of various localities and departments, fairly good results have been achieved. According to statistics from the various localities, in 1987, a total of 3.5 billion yuan worth of material and fund potential was tapped—making up 60 percent of the total material in question and fund potential tapped. The demand for a greater increase in production and lesser increase in investment was also fulfilled. Experience at various localities shows that obvious results can be obtained if governments at all levels work hard, policies are clear, and measures are effective. The main problem that still remains in liquidating inventory in enterprises to tap their potential is that some localities, departments, and enterprises have failed to fully recognize the importance and urgency of this task, and to draw up practical policies and measures to deal with losses in enterprises caused by overstocking of goods. The moment old stocks have been cleared new ones began to accumulate, and such cases happened very often. This situation greatly affected the liquidation of inventory, and must be improved as soon as possible.

The People's Bank of China and other departments stated that, at present, circulating funds and loans taken up by enterprises amounted to over 660 billion yuan. On one hand, there is an acute shortage of production funds. On the other, enterprises have taken up an enormous amount of funds and circulate it too slowly; its structure has also been irrational. Therefore the potential for improvement remains great. Even after the this year's state plan for cooperative credit is drawn up, circulating funds will still be tight. It seems that the only way out is to liquidate inventory in enterprises more vigorously to tap their potential, quicken the circulation of materials, increase the returns of fund usage, alleviate the disparity in supply and demand for circulating funds, and advance the adjustment of industrial structure and product mix.

The three departments have forwarded 10 suggestions concerning improvement in taking inventory, making better use of stored goods and tapping the potential for funds in enterprises.

First, strengthen organizational leadership. Second, fulfill the assignment to tap potential. Third, conduct checks and disposal thoroughly; all localities and departments must formulate and carry out plans to liquidate inventory in enterprises to tap their potential for funds. Fourth, check and dispose of idle facilities in enterprises; all idle equipment must be disposed of by either sale, distribution, or leasing. Fifth, make proper arrangements to deal with losses. Sixth, implement the policy of "whoever taps the potential uses it"; funds uncovered by potential-tapping or stimulating must be left for use and distribution within the localities. Seventh, in credit policy, deal with each case on its merits by encouraging the promising ones and limiting those which are not. Eighth, perfect the system of enterprises replenishing their own circulating funds. Ninth, administer bank loans in accordance with the law. Tenth, banks at all levels must better establish the job responsibility system, strengthen loan management, and adopt effective measure to raise the initiatives of their staff to handle loans properly and flexibly.

Circular on Approving Foreign-Funded Enterprises
OW1507101588 Beijing XINHUA Domestic Service
in Chinese 0741 GMT 5 Jul 88

[Text] Beijing, 5 Jul (XINHUA)—The State Council recently issued a bulletin authorizing the people's governments of provinces, autonomous regions, municipalities, special economic zones, and cities with economic decisionmaking authority the power to review and approve applications of foreign-funded enterprises.

The State Council made the above decision in line with the provisions in Article 6 of the "Law of the People's Republic of China on Foreign-Funded Enterprises." The decision contains the following three specific points:

First, the application for foreign-funded enterprises with investment scale under the limits set by the State Council and with construction, production, and operational conditions not requiring state overall balance shall be reviewed and given the certificate of approval by the people's governments of provinces, autonomous regions, municipalities, special economic zones, and cities with economic decisionmaking authority. However, if the products of a proposed foreign-funded enterprise for domestic marketing are those under state restrictions for importation, and the products for exportation are those requiring an export license to be issued by the Ministry of Foreign Economic Relations and Trade or its special commissioned offices, those covered by state distribution plans, or those belonging to trades and projects on which the state restricts the use of foreign capital, the

application for approval should have the concurrence of the Ministry of Foreign Economic Relations and Trade or other relevant departments.

Second, when a proposed foreign-funded enterprise's investment scale is over the limits set by the State Council and its construction, production, and operational conditions require state overall balance, the application shall be referred and submitted to the Ministry of Foreign Economic Relations and Trade for review and issuance of the certificate of approval by the local provincial, autonomous regional, or municipal people's government or the local people's government of a special economic zone or city with economic decisionmaking authority.

Third, for those foreign-funded enterprises approved under the provisions of the first point, the reviewing agency should report the application, feasibility study, enterprise charter, and approving document to the Ministry of Foreign Economic Relations and Trade for the record within 30 days after the approval is granted. The ministry, upon receiving the aforesaid papers submitted by the reviewing agency, has the right to veto the approval if it finds a proposed foreign-funded enterprise not meeting the requirements, and shall notify the relevant local authorities within 30 days when the veto becomes effective.

Finance Official Notes Tax Collection Problems
OW1507140088 Beijing XINHUA in English
1142 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—Measures should be taken to increase revenue and reduce spending to keep the state deficit within eight billion yuan this year, Vice-Minister of Finance Chi Haibin said today.

Chi told a national meeting on finance here that revenues in the first half of the year were 99.536 billion yuan, 10.2 percent more than the same period last year, and accounted for 42 percent of the budget.

Expenditures were 94.304 billion yuan, up 10.9 percent over the same period last year, and accounted for 37.6 percent of the budget.

Chi acknowledged problems and noted that among Chinese enterprises the growth of profits and taxes has fallen behind that of production and sales.

He said some localities and departments have reduced or evaded taxes and have used the revenue that should have been turned over to the state to raise wages or give bonuses and subsidies.

Trying to place curbs on unnecessary spending and on extravagance have not been successful and revenue growth has slowed down compared with last year, he said.

Still, there were some favorable signs.

The industrial sector grew remarkably in the first half of the year and was expected to continue to grow, thus ensuring some increase in revenues.

Another favorable development has been the introduction of a financial contract system to some localities.

Chi said new tax categories, including a tax for the use of urban land and a stamp duty, will be introduced later this year.

"The crux of fulfilling the budget plan is curbing spending," Chi said, adding that spending should not exceed the state budget and that the stress should be on controlling administrative spending and raising local funds for capital construction.

He said enterprises should be helped to become responsible for their own profits and losses and the practice of giving tax cuts or exemptions to poorly-managed enterprises and subsidies to failing enterprises should be dropped.

He called for tougher enforcement of tax laws, new taxes and urged stricter implementation of financial contracts so that the state gets all the revenue that it is due.

Paper Outlines Price Stabilization Measures
OW1607075888 Beijing XINHUA in English
0629 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—A signed article in today's "GUANGMING DAILY" proposed stabilizing prices by controlling money supply, formulating correct industrial policies and linking the price reform to the building of a market system.

"Stabilizing prices is essential to maintaining the momentum of China's economic growth and promoting economic reforms," said the article by Zhang Zhifeng and Xie Lujiang.

To this end, China must, in the first place, strictly control the money supply and bring it into line with the demand created by commodities in circulation, the article stressed.

It urged the People's Bank of China—China's central bank—to both control the scale of credits and loans, and reduce the issuance of currency.

Said the article: "With a decrease in the supply of currency, the overheated demand for capital goods and consumer goods will be curbed to some extent, while the pressure on prices will drop."

Moreover, China must formulate correct industrial policies and combine the price reform with what the article calls the "rationalization of the industrial setup".

The price level is subject not only to the influence of total supply and total demand, but also to the restrictions of the industrial setup.

"An irrational industrial setup and serious shortages of some commodities will also cause prices to rise," the article said.

"If we just readjust prices, but do not formulate scientific industrial policies or form a rational industrial setup, the results of the price reform can not be consolidated," the article pointed out.

Meanwhile, the stabilization of prices must start from basic industries, which have a vital bearing on prices and the products of which are in short supply; only thus will it be possible to stabilize prices of final products.

Furthermore, China must link the price reform to the straightening out of its market system, which is still in a state of flux, the article said.

As the first step, the number of wholesale links should be cut, while factories should be permitted to enter the wholesale market to handle their own products.

The article stressed the need to combine the price reform with the regulatory and control measures of the government as regards circulation.

"Attention must be paid to the building of the legal system in the management of circulation and earnings in circulation," it added.

Planning Commission Stresses Economic Efficiency
OW1807014088 Beijing XINHUA Domestic Service
in Chinese 0532 GMT 15 Jul 88

[Text] Beijing, 15 Jul (XINHUA)—The State Planning Commission recently called on localities and departments to take upon themselves the central task of striving to do well in the work of raising economic efficiency when they arrange industrial production and circulation for the next half year.

The State Planning Commission noted that a relatively high industrial growth had been maintained in the first half of the year. It said the economic efficiency of enterprises was, although good, not good enough. It observed the increase in consumption of some materials in enterprises, inefficient enterprises losing more money, and an overall rise in production costs.

The State Planning Commission pointed out: Localities and departments should have a definite and clear recognition of the problem in the growth of industrial production. They should proceed from the principle of seeking truth from facts. They should not artificially suppress efficient industrial growth or blindly strive for industrial growth. Instead, they should stress economic efficiency and turn out goods which can be efficiently produced or

offer goods which can be readily sold on the market; we must limit, or stop, production of products which cannot be efficiently produced or are hard to sell.

To raise economic efficiency, the State Planning Commission called on enterprises to follow the following guidelines.

First, we must reduce material consumption and lower production costs. Currently, the problem of high and wasteful consumption of materials is rather serious in enterprises. In the next half year, we should strictly enforce the limit controlling energy and materials consumption; improve the responsibility system in energy conservation; enforce the system of encouraging energy saving and punishing excessive energy consumption to lower energy consumption.

Second, we must strive to upgrade product quality. We should, despite great demand for, and brisk sale of, products, keep raising product quality, developing variety, and offering good after-sales service. We should encourage people creating good products and sponsor activities evaluating good products. We should continue the system of spot-checking product quality; accelerate the pace of adopting international standards on product quality; and continually promote comprehensive quality control.

Third, we should strive to turn losses into profits. Hebei and Baoding City implement the policy of discouraging money-losing enterprises, such as giving no subsidies to such enterprises, or merging, auctioning off, or even allowing bankruptcy in those enterprises, including those having no hope of reversing their losses. This policy should serve as a reference to localities.

Fourth, we should step up management on circulating funds. We should reduce the amount of funds for non-productive use and accelerate circulation of funds.

Fifth, we should resolutely suppress the purchasing power of social groups and reduce nonproductive spending.

Ministries Act To Move Surplus Pork Stockpiles
OW1707051388 Beijing XINHUA in English
0826 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—The Commerce and Railways Ministries are making arrangements to ship pork stockpiles out of southwest China's Sichuan Province.

Another 150 refrigerator wagons a month will be added to the present 600 to help transport 100,000 tons of pork at present stockpiled in Sichuan.

The two ministries, after learning about the transport situation in Sichuan, discussed the problem and decided to make alterations in the transport plans.

Under the new schedule, refrigerator cars previously dispatched to go to northwest China will ship pork from Sichuan to the northwest and then carry watermelons from the northwest to other parts of China.

The Commerce Department of Sichuan Province assured that the pig purchase price during this glut period will remain unchanged in order to protect the farmers' interests.

Meanwhile, in central China's Hunan Province, there is also 70,000 tons of pork waiting to be shipped to other places.

Economists here attributed the pork stockpiles partly to the expansion of pig-raising in rural areas, which has been stimulated by the pork price rises earlier this year. They suggested that more efforts should be made to improve the transport of pork.

Promotion of Nonpork Meat Production Predicted
OW1707062788 Beijing XINHUA in English
0115 GMT 17 Jul 88

[Text] Beijing, July 17 (XINHUA)—China will produce more meat products that consume less grain fodder than pigs, today's CHINA DAILY quoted a government official as saying.

They include chicken, duck, geese and fish, said Kang Zhonglun, vice-minister of light industry. Kang said his ministry is planning to set up such production farms in 100 counties of rural China.

In this connection, China is looking for joint ventures with foreign partners in poultry raising, slaughtering and processing.

Projects also include the speed-slaughtering and freezing of the finished products. So, cooling, freezing and equipment which keeps the products fresh are of interest to his ministry, Kang said.

On the list of products to be promoted are fresh food and canned food, including mushrooms, soybeans, hams, pineapples, oranges, tomatoes and seasoning and spices, and sugar.

In the past, the country annually spent roughly 200 million to 300 million U.S. dollars to import machinery and equipment for food processing.

In packaging, Kang said, China produces enough glass and plastic for bottling, but lacks tin plate for easy-open can production.

Restrictions, however, will apply to the further development of the aluminized easy-open can, Kang said.

To quench the national thirst for beverages, about three billion yuan have been invested, 200 bottling lines introduced from abroad and 130 factories set up in the last few years. As a result, the annual production will reach seven million tons by the end of next year.

But the annual per capita consumption in China is only about seven litres, Kang said.

He Kang Warns of Chemical Fertilizer Overuse
OW1507112588 Beijing XINHUA in English
1028 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—An overuse of chemical fertilizers is causing serious damage to China's farmland, Minister of Agriculture He Kang warned today.

Speaking at a national meeting on organic fertilizers, he said that more organic fertilizers should be used to enrich the soil and increase grain harvests.

According to the State Statistical Bureau, 19.9 million tons of chemical fertilizers were used in China last year, an average of 209 kilograms per hectare of farmland.

The minister said chemical fertilizers were being used by farmers who only consider their immediate interests and yet were greatly affecting the structure and balance of the soil and reducing soil fertility.

He said that if China is to achieve its goal of 500 million tons of grain by the end of this century, soil fertility will have to be improved.

He noted the ministry will improve 51 million hectares of farmland this year by applying more organic fertilizers.

The minister said the state will support the production of green manure crops and will put up the money to build 10 production bases of green manure crop seeds.

Heat Wave Damages Crops, Spreads Disease
HK1807100288 Beijing CHINA DAILY in English
18 Jul 88 p 3

[By staff reporter]

[Text] Municipal governments urged efforts to prevent heatstrokes and epidemic diseases as heat waves hit many of China's major cities and provinces.

For the last 10 days, Shanghai's temperatures have been over 35 degrees centigrade, packing the city's air conditioned cinemas and department stores with residents trying to keep cool.

High temperatures, ranging between 38 and 40 degrees centigrade, have persisted for more than 10 days in Jiangsu Province, one of China's leading grain producers. The heat has scorched more than 2.1 million hectares of its farmland. About 33,400 hectares of crops, such as rice and corn, have been lost and 10 percent of the crops have died on 750,000 hectares.

More than 1 million people are having problems finding enough drinking water and 5 million people in the province's drought-stricken areas are fighting to save their crops. The heat killed at least 83 people, mostly elderly, in Nanjing, the capital of the province.

The unusually high temperatures and humidity in Beijing, the capital of the country, have caused a rise in contagious diseases. According to statistics, the number of patients suffering from malaria has more than doubled. Due to continuous high temperatures and the rapid growth of flies and mosquitoes, the number of malaria cases increased 23.3 percent in the last 10 days of June and 53.4 percent in the first 10 days of July, compared with last year.

Recently, the Health Bureau (HB) of Beijing Municipal Government called a meeting which was attended by the directors of its sub-health divisions, department of epidemic prevention, hospitals and enterprises.

At the meeting, HB officials urged the city's provision departments and enterprises against surpluses of food and purchasing prepared meat products from other cities and provinces.

To prevent reciprocal infections, HB officials asked people to seek medical treatment immediately if they catch an infectious disease.

The HB officials also urged hospitals to be always ready with medical services and sufficient medicines and drugs to treat patients who suffer from heatstrokes and contagious diseases.

The officials said that public health information should be stepped up and inspections of food markets reinforced to ensure that no rotten foodstuffs sneak in.

Shanghai Municipal Government also has taken steps to prevent heatstrokes. According to the city's commercial departments, more than 500,000 yuan (\$135,000) worth of cold drinks and 10,000 tons of water-melons have been sold each day.

Jiangsu Provincial Government has spent 25 million yuan (\$6.8 million) in relief and is supplying more electricity and other materials needed by farmers and citizens.

QIUSHI #2 Table of Contents Published
HK1807091488 Beijing RENMIN RIBAO in Chinese
15 Jul 88 p 8

[Table of Contents for QIUSHI No 2, 1988]

[Text] Article by Yan Mingfu: "The Initial Stage of Socialism and the United Front"

Article by Wu Kaitai: "Several Views of Mine on Improving the Treatment for Intellectuals"

Article by Ji Chongwei and Lu Linshu: "An Idea on Strengthening Economic Coordination Between the Coastal Areas and the Interior"

Article by Zhang Youyu: "Ten Years of the Science of Law"

Article by Dong Xuewen: "From 'Classical Formation' to 'Contemporary Formation'—an Idea on the Reform of Marxist Study of Literature and Art"

Article by Deng Ningning: "Can Market Not Do Anything?"

Article by reporters Luo Shugang and Liu Jinxiu: "A Shock of the Election of Nominating More Candidates Than the Number Elected—Thoughts on the Change of Term of Office of the People's Congresses at Provincial Level"

Article by Zhao Zhongsan: "A Good Form for the Democratic Political Building at the Grass-Roots Level—A Comment on a Peasants' Self-Government Organization"

Article by Yang Zenghe: "Brilliant Thought and Lofty Values—A Praise of the 'Selections of Zhou Enlai's Letters'"

Article by Shuwu: "Notes on Poet and Poetry—'Lu Xun on Decapitation'"

Article by Su Xiaokang: "My View on the 'Sense of Mission'"

Article by Yan Gang: "It Is Difficult To Be Honest and Upright Officials—Reading Lu Wenfu's 'Law Governing Stories'"

Poem and Picture: A Minor Scene of a Day of Giving up Smoking. (poem by Fang Cheng and picture by Li Xia)

East Region

Fujian Enterprises Sign Contracts Worth Billions
HK1607041688 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 16
Jul 88 p 3

[Text] Enterprises based in Xiamen, Fujian Province, signed 14 investments contracts with offshore investors in Hong Kong this week, according to a city spokesman. The 14 contracts total more than U.S.\$4.8 billion.

Five of them are wholly owned ventures with investment totalling \$3.3 billion, according to Wan Yihuang, vice-director of the Xiamen Municipal Economic Affairs and Trade Committee. The remaining nine projects were joint or co-operative ventures with investment totalling \$1.5 billion, he said.

Four joint-venture contracts were signed yesterday. The first was for a computer hard disk factory between Xiamen Electronics Company, Hua Xia Group and Memotech International of the U.S. The \$4.4 million project is expected to begin production next year.

A second contract was for an electronic component factory involving Hong Kong East Asia Engineering. Two other contracts signed yesterday were for a pier in Xiamen and a shipping company involving Xiamen and Fujian Enterprises (Holding) Co, the representative office of Fujian province in Hong Kong.

Meanwhile, Xiamen has signed two processing and assembling contracts and export deals totalling \$1.4 billion.

Jiangsu Reports Increase in Industrial Output
OW1507104288 Beijing XINHUA in English
0827 GMT 15 Jul 88

[Text] Nanjing, July 15 (XINHUA)—Jiangsu Province, one of the economically-developed regions in east China, yielded 70 billion yuan of industrial output value in the first half of this year, accounting for 12 percent of the total national figure.

Production of such marketable raw materials as steel, pig iron, sulphur, caustic soda, cement and chemical fibers increased by a big margin, said Cao Kai, director of the provincial Statistics Bureau, at a press conference on Thursday.

The province has harvested 11.5 million tons of summer grain, roughly the same as last year's figure, but its livestock showed an increase after two years of decline, reaching 17.2 million head, Cao said.

With economic development, the incomes of both urban and suburban residents in the first half of this year went up by 17.7 percent, above the local price index, according to local statistics released recently.

Shandong, South Korea Seeking Sea Links
HK1607041488 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 16
Jul 88 pp 1, 3

[By Cheung Lai-kuen]

[Text] Shandong Province, on the east coast of China, is likely to establish sea links with South Korea after delegates from both countries have sorted out their differences. According to Li Yu, chairman of the Shandong sub-council of the China Council for the Promotion of International Trade (CCPIT), most of the problems have been basically resolved except for the flag issue. Vessels of both countries are not allowed to enter each other's waters as the two nations do not have diplomatic relations.

Mr Li, who is in Hong Kong to attend a symposium, said yesterday that the council had sent a delegation to South Korea to discuss the possibility of opening sea routes between the two countries. South Korea had similarly sent a mission to Shandong, he added. Mr Li also said that both delegations were from unofficial organizations because of the lack of diplomatic ties.

Although funded by the Government, CCPIT is a non-official organization.

Meanwhile, the Governor of Shandong, Jiang Chunyun, denied reports that the province had set up a free-trade zone for South Korean investors. He said it was impossible to set up free trade zones for any specific country, especially when it did not have official ties with China.

Shandong has two open coastal cities, Qingdao and Yantai, and seven export-processing districts open to foreign investors.

Mr Jiang said direct trade between China and South Korea would not be allowed, while indirect trade through non-official groups such as CCPIT would be allowed and had already taken place.

Mr Li pointed out that many South Korean investors had shown interest in investment opportunities in Shandong as the province was rich in raw materials and geographically close to South Korea.

Mr Jiang said Shandong had relaxed regulations on foreign investment, including allowing the free transfer of land in its seven export-processing districts. The regulations are similar to those in Shanghai, Xiamen and Shenzhen and have tenures of 50 to 70 years.

Shandong will hold a foreign trade and investment symposium and a product exhibition in Hong Kong today. Mr Jiang said Hong Kong was a major trade partner of Shandong alongside Japan.

The deputy director of the Shandong Foreign Trade Bureau, Tian Ruping, said exports totalled U.S.\$2.97 billion last year, an increase of 36 percent over 1986. Of the total, 17 percent was exported to Hong Kong. He also said Hong Kong was the major investor in the province.

In the 185 joint or co-operative ventures in the province, 117 were set up with Hong Kong or Macao investors.

Shandong People's Congress Holds Plenary Session
SK1707110588 Jinan Shandong Provincial Service
in Mandarin 2200 16 Jul 88

[Excerpts] On 16 July, the fourth Standing Committee meeting of the seventh provincial People's Congress held its third plenary session. Attendees heard reports by: Vice Governor Ma Zhongchen on plans for agricultural development of the Huang-Huai-Hai Plain; (Liu Shuxiang), chairman of the provincial Nationalities' Affairs Committee on the province's nationalities work; Zhang Qinglin, director of the provincial Public Health Department, on the province's implementation of food hygiene laws; (Chen Daxiao), deputy director of the provincial Geological and Mining Bureau, on implementing Shandong's regulations on the management of collectively run town and township mining enterprises and individual mining trade; and Li Yongchen, vice chairman of the Financial and Economic Commission under the provincial People's Congress, on the province's 1987 final accounts.

Vice Governor Ma Zhongchen said: Agricultural development of the Huang-Huai-Hai Plain is an important component of the second step of rural reform and one of the major strategic measures for fulfilling the second step of economic development. As far as our province is concerned, it is also a good opportunity for developing ourselves. At present, overall planning for the province and various pertinent cities, prefectures, and counties has already been mapped out, and some areas have already gone into action. [passage omitted]

Wang Shufang, vice chairman of the provincial People's Congress Standing Committee, presided over the session.

Shandong Releases Circular on Officials' Honesty
SK1707040088 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 14 Jul 88

[Text] The Shandong Provincial CPC Committee recently issued a circular on keeping party and government units honest and free from corruption. The circular states: In the new situation of reform and opening up, ways to keep party and state organs honest, upright, and free from corruption in performing duties is an important question concerning the entire situation. It has both great immediate significance and far-reaching historical significance in improving the building of party and government organs, maintaining closer ties between the party and the masses and between cadres and the people,

ensuring the healthy development of reform and opening up, promoting the stable and united political situation, and further developing the productive forces.

Provincial party and government organizations should regard remaining honest and free from corruption as an important political task for the present in line with the guidelines of the central instructions and should include it in their agenda.

The circular points out: It should be affirmed that at present party and government organs at various levels throughout our province generally are honest, upright, and free from corruption and that the essential aspect of the masses of party members and cadres is good. However, we should also note that perverting justice for bribes, abusing power for selfish gains, and extravagance and waste still exist in our ranks. Although only a small number of people have such problems, they create a very bad influence. Left unsolved, these problems will efface the image of party and state organs, damage the good reputation of reform, arouse the dissatisfaction of the masses, and make reform more difficult.

The circular states: The provincial party committee urged that, following up the previous study activities, party organizations and governments at various levels and all departments should hold party-member meetings in July to mobilize the party members and the workers extensively to enhance their understanding of the importance of remaining honest and free from corruption and to enhance their initiative in doing so. Meanwhile, based on the specific conditions of our own localities and units, we should find out our major problems and work out concrete plans for improvement.

The circular points out: Keeping party and state organs honest, upright, and free from corruption is a long-term task. From now on, we should solve well the problems which most dissatisfy the masses. Party and government organs at various levels should make sure that when provincial party and government cadres are inspecting and guiding work, conducting investigations and study at lower-level units they are not given parties or gifts purchased with public funds; that organs at higher levels should not ask lower levels to subsidize the price difference of goods they purchase; that cadres of party and government organs should take the lead in checking travelling with public funds and in economizing on expenses and are strictly forbidden to purchase without approval commodities whose purchase is controlled by the state; that party and government organs and party and government cadres are not permitted to engage in commercial business and operate companies; and that all acts of perverting justice for bribes should be dealt with according to law whenever they are discovered.

The circular demands: Within this year, all localities should step up efforts to solve some specific problems that afflict local peasants, just as Tancheng has done. If this work is carried out successfully, they will be able to

maintain closer ties between the party and government and the masses; if not, they will seriously efface the image of the party and government and dampen the enthusiasm of peasants. Other problems affecting the endeavor to remain honest and free from corruption should also be conscientiously analyzed, studied, classified, and solved step-by-step.

The circular stresses: Leading organs and cadres should take the lead and set themselves as good examples in remaining honest and free from corruption. They should foster the idea that leadership means service; should carry out their work in various fields in a conscientious and responsible manner; and should further accelerate reform, opening up, and economic construction. In their personal life, they should set strict demands on themselves, act as good examples, and take the lead in abiding by party discipline. They should also educate their family members, children, and comrades around them not to pursue privileges but to resist and correct unhealthy trends on their own accord.

Leading organs at higher levels should act as good examples for lower levels, resolutely delegate to lower levels the powers they are entitled to through political and economic structural reforms, and serve grass-roots units well so that party and government organs at various levels throughout our province will become good examples in being honest and free from corruption, in maintaining high efficiency, and in abiding by law and discipline.

The circular points out: To remain honest and free from corruption in performing duties, we should conduct reform and improve systems and eliminate the soil on which dishonesty and corruption breed. Based on their specific conditions, all localities and departments should formulate rules and regulations for strictly enforcing discipline and remaining honest and free from corruption. Meanwhile, they should mobilize party members and cadres to pledge to remain honest and free from corruption so as to gradually establish a mechanism for self-regulation and mutual supervision. They should formulate laws and regulations for anything that can be prescribed in laws and regulations and should observe and enforce to the letter the laws already enacted and act according to regulation so that the work of party and state organs will gradually become institutionalized, codified in laws and regulations, and standardized.

They should work hard to establish a new order suitable for the socialist commodity economy. In the process of establishing and improving rules and regulations, they should increase the visibility of their party and government activities, make known to the masses all the work and policies that can be made public, and organize mass supervision.

The circular points out: To keep party and government organs honest and free from corruption, we should be subject to the unified leadership of the party, give full

play to the role of various functional departments, and strengthen supervisory and inspection organs at various levels. Party organizations at various levels should support the work of discipline inspection organs, administrative supervisory organs, judicial organs, and auditing organs and should strengthen their supervisory function. The system of supervision and accusation by the masses should be established gradually and improved at every level. Within this year and the next, supervisory and inspection organs at various levels should set up centers for people to expose and report others' mistakes. Supervisory organs should accept conscientiously the people's accusations and investigate and handle them in a timely manner.

The circular emphasizes: Intensifying the ideological education of party members and personnel in state organs is an important guarantee for party and government organs to remain honest and free from corruption. We should improve ideological and political work and focus it on the development of socialist productive forces. On the one hand, we should stress economic laws and the system of distribution according to work. On the other hand, we should stress lofty ideals, morality, and discipline so as to arouse the people's spirit, unite as one, and strive to accomplish the four modernizations and revitalize China.

At the present crucial moment for reform, we should educate the masses of party members and cadres to remain honest, upright, and free from corruption in performing their duties and to enhance their sense of reform, further emancipate their minds, work hard, and make contributions to attaining the fighting goal of making the people rich and Shandong prosperous.

Jiangxi's Wu at Grain Production Meeting
OW1607075488 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 4 Jul 88

[Excerpt] A Jiangxi Provincial meeting on guiding grain production emphasized that the policy of contractual grain purchases, grain production tasks, and grain prices will remain unchanged this year. The meeting called on governments at all levels to make all-out efforts to ensure the successful purchase of summer grain and strive to make the summer purchase exceed 70 percent of the year's total. The meeting was held in Nanchang from 28 June to 2 July.

Leading Comrades Wu Guanzheng, Zhao Zengyi, Huang Huang, and Wang Zemin attended and successively addressed the meeting.

According to the meeting, the early rice crops are not in bad condition. The overall situation of rice production in Jiangxi this year is good despite some natural disasters. [passage omitted]

Foreigners Play Greater Role in Shandong Ventures
OW1507113788 Beijing XINHUA in English
0621 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—The government of eastern China's coastal Shandong Province is allowing overseas investors and businessmen to play a more important role in joint ventures, the PEOPLE'S DAILY reported today.

So far there are 147 foreign-funded enterprises with 67 overseas staff members serving as managers, engineers and foremen, the paper said.

At a Sino-Japanese furniture company in Yantai City, four Japanese hold the key posts, the paper reported.

The company's products won the first prize in a national exhibition of furniture from 22 provinces and cities and became hot sellers on market, making 390,000 yuan for the company, which had seen an economic loss the previous year of 380,000 yuan.

At the Haitian Hotel, a Sino-Japanese joint-venture in coastal Qingdao City, a decision made by the Japanese management to get rid of seven trainees who had failed in their exams in the course of training was fully supported by the Chinese side, the paper said.

In order to get them to work more efficiently, the local governments are all trying their best to offer better living quarters and services for overseas investors and managers, the paper said.

Shandong Congress Holds Committee Meeting
SK1507064288 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 12 Jul 88

[Text] The fourth meeting of the seventh provincial People's Congress Standing Committee opened at Nanjiao Guesthouse of Jinan City on the morning of 12 July.

At the meeting's session on the morning of 12 July, Lu Maozeng, deputy secretary of the provincial party committee, delivered a report relaying the spirit of the speech made by Comrade Zhao Ziyang at the ninth session of the CPC Central Committee Political Bureau. Li Zhen, chairman of the provincial People's Congress Standing Committee, also delivered a report relaying the speech made by Wan Li, chairman of the NPC Standing Committee, at the second session of the Seventh NPC Standing Committee.

Major items on the meeting's agenda are to hold discussions on formulating the provincial draft regulations on family planning, the provincial draft regulations on protecting the legitimate rights and interests of old folks and consumers, and the provincial draft regulations on land utilization and transfer of land utilization rights; to discuss and approve the provincial 1987 financial final accounts; to hear and discuss the report of the provincial

people's government with regard to the implementation of the 1988 first-half financial budget, the report concerning the implementation of the 1988 first-half plan for the national economy and social development, the report concerning the provincial overall plan for developing agriculture on the Huang-Huai-Hai Plain, the report with regard to the implementation of the PRC's Law on Food Sanitation, and the report on the implementation of the provincial measures for mining operation of collective and individual enterprises at the town level; to hear the report concerning the work done in nationalities affairs and to adopt relevant resolutions on the work; and to approve personnel changes.

Li Zhen, chairman of the provincial People's Congress Standing Committee, presided over the meeting's session on the morning of 12 July.

Attending the meeting were vice chairmen of the provincial People's Congress Standing Committee, including Lu Hong, Wang Shufang, Xu Jianchun, Lin Ping, Xu Sen, Yan Qingqing.

Attending the meeting as observers were Ma Shizhong, vice governor; and Zang Kun, chief procurator of the provincial People's Procuratorate.

Shandong Industrial City Seeks Foreign Investment
OW1707134588 Beijing XINHUA in English
1103 GMT 17 Jul 88

[Text] Jinan, July 17 (XINHUA)—Zibo, a developing industrial city in Shandong Province, has signed eight foreign economic cooperation contracts worth 22 million U.S. dollars since it opened to foreign investment in March.

Foreign firms can invest in Zibo in any form—joint ventures, cooperative businesses, wholly foreign-owned enterprises, compensation trade and leasing, said Han Xinmin: acting mayor of Zibo.

They can purchase and contract Zibo's enterprises for management, or supply them with loans and equipment. They can also use their technology as investment, provide technical services and participate in managing Zibo's enterprises.

He cited rich natural resources as Zibo's greatest advantage in attracting foreign investment.

Zibo, which consists of 16 manufacturing and mining areas and 96 towns, has verified 53 minerals, including coal, iron, refractory clay, limestone, porcelain clay, copper, cobalt, gold and silver.

It is China's largest aluminium oxide producer and ranks second in the country in the crude oil refining capacity.

Moreover, the city enjoys convenient land transport facilities with 33 kilometers of highway per square km, meeting the standard of developed countries.

Program-controlled telephone switchboards imported from the Federal Republic of Germany will go into operation in the first quarter of 1989, Han said.

Shanghai GNP Up 7.4 Percent in 1st Half of Year
HK1507124588 Beijing CEI Database in English
15 Jul 88

[Text] Shanghai (CEI)—Gross National Product of Shanghai totalled 28.3 billion yuan in the first half of this year, an increase of 7.4 percent over the same period last year.

Yield of summer crops and edible oil increased by 10 percent over last year. Output of poultry, eggs and dairy products rose by a wide margin. The amount of living pigs and vegetable dropped a little, compared with that of last year.

Zhejiang's Xue Ju on Party Members' Reform Role
OW1807003888 Hangzhou ZHEJIANG RIBAO
in Chinese 2 Jul 88 P 1

[Text] Yesterday was the 67th anniversary of the founding of the CPC. On this special occasion, Zhejiang Provincial CPC Secretary Xue Ju and Deputy Secretary Ge Hongsheng invited representatives of some primary party organizations in Hangzhou City to a discussion meeting. They discussed how party organizations and party members should fully play their fighting-bastion and exemplary-vanguard roles to promote reform at this crucial time.

At the beginning of the meeting, Comrade Xue Ju said: On the occasion of our party's birthday, I would like to discuss with you one question—how our party organizations and party members should fully play their roles while we are at a crucial time in reform. Party members should attempt something, uphold reform, and dare to take risks. Party organizations should stand the test of reform and opening to the outside world, and dare to lead the masses in braving storm and marching forward. Currently, price reform is indeed quite difficult. If it is successful, it will greatly promote economic development. If it fails, it will bring about risks. To deal with this situation, we should, on the one hand, rely on the correct principles and policies of the party Central Committee. On the other hand, we should ensure that our party organizations have both fighting and rallying power. It is very natural that there are different views among the masses, but our party organizations and party members should provide guidance and turn the masses' desire to spend into enthusiasm for promoting production and improving economic efficiency to increase income. Then, Comrade Xue Ju took out a note book and asked the representatives of primary party organizations to discuss their views and working experience.

The speakers included Wang Shaogui, deputy secretary of the party committee of the Hangzhou Huqingyutang Pharmaceutical Plant; Gu Shunyan, secretary of the party branch of Caoan Village in Shiqiao Township, Banshan District of Hangzhou; Chen Zhiwei, secretary of the party committee of the Hangzhou Small Commodity Wholesale Company; Liu Deliang, secretary of the party committee of Longwu Township in Xihu District of Hangzhou; Hong Baoci, secretary of the party committee of the Hangzhou Boiler Plant; and Xu Xiaofu, secretary of the party committee of Yongjin Neighborhood in Shangcheng District of Hangzhou. They told about their experience in doing party work in the course of reform, opening to the outside world, and economic development. They also discussed their difficulties and problems. While listening to them, Comrade Xue Ju took notes, occasionally adding some remarks to affirm their good practices, and put forward questions for discussion.

In conclusion, Comrade Xue Ju pointed out: With the constant deepening of reform, many new circumstances and problems have emerged, requiring us to explore constantly in the course of practice. For instance, we should have a clear criterion for determining right and wrong, so that party members know what should be done and what should not be done at the crucial time in reform. We should encourage and support party members who uphold reform, work hard, unite with the masses, and abide by discipline. We should criticize and sternly deal with those who violate law and discipline to seek private gain at public expense. Party organizations at all levels should be strict with party members, clearly distinguish between right and wrong, commend whoever deserves commendation, and dare to deal with pressing problems. If it is unable to determine the right or wrong of something at the moment, a discussion may be organized among the party members and even among the people in order to gradually set a criterion. Regular activities and ideological education of party organizations should not merely be limited to the "three meetings and party lessons" and should be diversified. In doing party work, we should restore the party's fine traditions, set examples to guide the masses, and unite with the masses by showing concern for, respecting, and convincing them. We should rely on administrative orders and powers to get things done. In short, as long as our party organizations at all levels and party members fully play their role in the course of reform, we can surely tide over difficulties and succeed in the reform.

Present at the meeting were Zhong Boxi and Lu Wenke, deputy secretaries of the Hangzhou City CPC Committee; and Ma Guangwu, member of the Standing Committee of the Hangzhou City CPC Committee.

Retarded Women Sterilized in Zhejiang Town
OW1607035988 Hangzhou Zhejiang Provincial Service
in Mandarin 0300 GMT 12 Jul 88

[Text] Jingjiang Town in Xiaoshan City achieved remarkable results in using its investigation findings to publicize the advantage of rearing healthy children and

improving the quality of the population. At present, 23 married retarded women have been sterilized, and the parents of 17 single retarded young people have pledged not to let their sons and daughters marry.

After giving wide publicity to the importance of rearing healthy children, Jingjiang Town has conducted an investigation on retarded people in its eight villages since the beginning of this year. The investigation shows that more than 90 percent of retarded people's children have low intelligence. This situation has aroused the attention of the town family planning office, and the office has joined village cadres in offering advice to the families of retarded people.

Thanks to their persuasion, a retarded woman in Lilin Village, who has already given birth to two children, accepted sterilization, and her mother-in-law was happy about it. After acquiring some knowledge about heredity, a villager by the name of Hu Ajuan has convinced her parents not to let her retarded brother get married.

Central-South Region

Mob Attacks Guangdong Tax Inspectors, 17 Arrested
HK1807070088 Hong Kong AFP in English 0615 GMT
18 Jul 88

[Text] Beijing, July 18 (AFP)—Police arrested 17 people after a mob attacked 27 tax collectors with rocks, bottles, sticks and acid in southern Guangdong Province, the official CHINA NEWS SERVICE (CNS) said Monday.

Twenty-four of the tax collectors were injured, including five with head injuries and three with acid burns, in the July 7 melee in Chaoyang, near Shantou Special Economic Zone, it said.

The tax collectors had been sent by the local Trade and Industry Department to inspect three jewellery manufacturing shops, it said.

While the two villagers who owned the shops denied them entry, a mob of between 300 and 400 people descended on the taxmen who sought refuge in a nearby house.

There they continued to come under attack, with the crowd hurling bottles of acid through windows and a hole in the roof. CNS, adding that some of the taxmen were injured seriously enough to be admitted to hospital.

Guangdong Capital's Mayor Urges Price Reforms
HK1707032388 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 16 Jul 88

[Text] A meeting of senior cadres of the Guangzhou City organs, presided over by city party committee Secretary Zhu Senlin, was held on 15 July. Mayor Yang Ziyuan

delivered a report entitled The Situation in Price and Wage Reforms in Guangzhou Since the Launching of Reforms and Opening Up, and Initial Ideas on Further Reforms.

He stressed that the pass of price reforms must be traversed. Proceeding from Guangzhou's special features and actual situation, we have the conditions and the determination to take the lead in the whole country in successfully traversing this pass, and must strive to straighten out the price setup in 3 to 5 years.

Yang Ziyuan pointed out that Guangzhou has certain favorable conditions for taking the lead in traversing the pass of price reform. First, thanks to rapid economic development, there are certain material conditions. Second, Guangzhou made an early start in reforms and opening up, and the proportion of regulation by market mechanism is relatively great, thereby laying the foundation and providing experiences for price reforms. Third, as a result of the reforms of the past few years, the masses have made certain mental preparations because they have experienced several price surges during the period. Fourth, the masses support the reforms and understand the pains involved. So long as we make as few mistakes as possible, advance with steady steps, perfect our measures, fully evaluate the difficulties, promptly explain the situation to the masses, and make our policy-making more visible to the people, we can successfully traverse this difficult pass.

University Graduates Demonstrate in Hainan
HK1807013388 Hong Kong HONGKONG STANDARD
in English 18 Jul 88 p 1

[By Fan Cheuk-wan]

[Text] Hundreds of angry university graduates have demonstrated in the capital of the new Hainan Province after several were allegedly beaten up by police. Witnesses said the demonstrators gathered around the government building at Haikou city on Friday, protesting against Public Security Bureau treatment of some of their colleagues.

It was the first political crisis for the new government since the island was made a province three months ago.

"We come here to develop the treasure island, but we sleep on the streets and have no jobs," the demonstrators said in a leaflet distributed to the public.

"We are humans, we won't let anybody treat us as pigs and dogs," they added.

Waving flags and banners, they alleged the police had beaten up several of their friends early last week when they were selling lunchboxes at the entrance of a motor bus terminus. The demonstrators then marched along the main streets, distributing leaflets and appealing for public support outside the Haikou Hotel.

In the leaflets, they called for protection of their personal safety, medical treatment for injured students, an investigation into the incident and dismissal of the Director of the Haikou City Public Security Bureau. The leaflets carried details of the so-called "Bloody July 12 Incident", in which several university graduates and school leavers were said to have been injured badly by security officials. The victims allegedly were attacked by uniformed and plainclothes officers, some armed with wooden clubs.

"Even if I beat you to death, I'll only be disciplined," a policeman was quoted in the leaflet as telling a victim.

Mr Lu Yongxi, a deputy director at the HAINAN DAILY, yesterday told THE STANDARD the demonstrators were mainly graduates and school leavers from the mainland. More than 26,000 young graduates have flocked to the island looking for jobs since China decided last September to develop the island to become its largest special economic zone. Replies have been sent to a few thousand applicants only so far. Thousands of disappointed applicants began returning home this year.

Mr Liu said about 1,000 graduates and school leavers were still on the island.

"Without regular jobs, most of them become hawkers and street sleepers in Hainan," he said.

He said the demonstration was sparked by a confrontation between two young men and security officials sent to clear street stalls around a motor bus terminus last Tuesday. The men, Mr Zhu Hongyong and Mr Hu Xiaoyun, had previously been a contract worker in Guizhou and an actor in Anhui, respectively.

"They had conflicts with the police when they were asked to move their lunchbox stalls away. But these incidents do not always happen in Haikou," he said. Mr Liu also dismissed allegations that Hainan policemen discriminated against "aliens" from the mainland.

The Public Security Bureau of Haikou City was not available for comment yesterday. But a spokesman for the Haikou City authorities made an appeal to urge the public to "cherish the existing stability and unity of Hainan".

"It's the critical moment for us to build up China's largest special economic zone here. People should avoid demonstrations and protests which are negative to production and economic development," the spokesman said.

News Conference Held

HK1807013888 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 17 Jul 88

[Text] Over the past few days [as heard], taking as an excuse the contradictions arising from the case of traffic police handling [jiu zheng] unlicensed street vendors whose stands on sidewalks obstructed traffic on 12 July, some people in Haikou have stirred up trouble and gathered illegally to stage a parade and a demonstration [you xing shi wei].

Yesterday afternoon, the Haikou city government called a news conference to give people an account of what really happened, solemnly pointing out that the so-called Letter to Compatriots All Over the Country on the Use of Violence by the Police on 12 July is nothing but a fabricated account, that the traffic policemen never used violence against anybody throughout the course of the incident, and that since (Zhu Hongyong) and (Hu Xiaoyun) are not talented people allowed by the state to move about the country, the accusation that traffic policemen have beaten up talented people who have come to Hainan to seek employment is groundless.

On 12 July, at about 1100, a mobile detachment under the Haikou Traffic Police was patrolling near the Haikou Bus Terminal. They moved the tables and chairs near the sidewalk and belonging to vendors Zhu Hongyong and Hu Xiaoyun. These two people, in spite of repeated advice, continued to operate their vendor stands there, thus seriously obstructing traffic. When they were quarreling and pushing and pulling around the tables and chairs [with the police], a few lunch boxes fell on the ground. Therefore, Zhu and Hu kicked up a terrible din. To prevent the matter from worsening, the policemen took one table and two chairs to the police car.

After this, a person wearing police trousers, whom nobody knows, came and removed the rice and several dishes from the cooking vessels belonging to Zhu and Hu and dropped them on the ground, so that reporters could take photographs. This person also took the lead in writing and putting up big-character posters.

At about 1300, the policemen on duty advised them to remove the big-character posters. However, they refused to listen.

At 1600, the deputy head of the mobile detachment under the city traffic police force and six other policemen were patrolling near the bus terminal. Seeing that the crowd reading the big-character posters was obstructing traffic, they walked up and tore down the big-character posters. Zhu and others walked over to challenge them and started a fight. Some of them were armed with clubs, sticks, and bamboo poles. Deputy Head (Li Qiyun) was hit in the face and policeman (Wu Xiaoxiong) in his stomach. The corner of policeman (Xing Zhi's) mouth was bleeding from a blow. To put an end to

the incident, the policemen caught Zhu Hongyong and ordered him not to fight and stir up trouble any more. With the help of the masses, they put an end to the incident.

Zhu Hongyong is unemployed and has come to Hainan to visit his relatives. Hu Xiaoyun is an actress and a member of the Anhui Singing and Dancing Troupe. She is on unpaid leave for 1 year. She has come to Hainan to start a small business.

The press spokesman for the Haikou City Government said: Zhu and Hu set up vendor stands without licenses at a sidewalk intersection, thus seriously violating industrial and commercial management regulations and Haikou's traffic safety regulations. The people's policemen did the proper thing when they advised them and tried to correct them.

The press spokesman seriously reiterated: From now on, whoever parades in the streets without notifying the government in advance and without requesting prescribed parade routes will be punished for disrupting social, production, work, and living order; and whoever damages state property will be punished by law. Local investors and constructors and those from other parts of the country must first go through the necessary formalities strictly in accordance with regulations governing urban construction, industrial and commercial management, traffic control, and social order before they can start their business. Otherwise, they will be punished for violation of regulations.

He pointed out: The so-called Letter to Compatriots All Over the Country on the Use of Violence by the Police on 12 July is a completely fabricated account, the purpose of which is to confuse right and wrong, bring about chaos, disrupt stability and unity, and impede the construction of the special economic zone.

Henan Reports Semiannual Industrial Achievements
HK1607031788 Zhengzhou Henan Provincial Service
in Mandarin 1130 GMT 15 Jul 88

[Summary from poor reception] Henan's industrial output value in the 1st half of this year increased by 19 percent compared with the same period last year. A foundation for this rise was laid by steady increases in energy and raw materials production. Railroad freight dispatched during the period increased by 7.5 percent compared with the same period last year.

Despite these achievements, there are also a number of problems. Shortages of raw materials and energy persist. "There are conspicuous contradictions between industrial output growth and total bank credits and loans." Many bad accidents occurred, and safety work is particularly poor in township and village enterprises.

Southwest Region

Sichuan Leader Urges Tackling Reform Issues
HK1707044988 Chengdu Sichuan Provincial Service
in Mandarin 2200 GMT 16 Jul 88

[Excerpts] According to SICHUAN RIBAO, on 15 July the Propaganda Department of the provincial party committee and the party work committee of the provincial organs held a meeting in Chengdu to report on the current situation. [passage omitted] Gu Jinchi, deputy secretary of the provincial party committee, spoke on the current situation in economic development and reforms, the tasks facing reform, and so on. [passage omitted]

Gu Jinchi said: The 9 years since the 3d Plenary Session of the 11th CPC Central Committee have been the period of most vigorous economic life, fastest economic growth, and greatest material benefit to the people in Sichuan's history. Any talk that negates or belittles the changes and the tremendous achievements of the past 9 years is wrong and baseless.

Gu Jinchi pointed out: China's reforms have entered a key period. In the next few years, we must break through the difficult passes of price and wage reform. This is a major policy decision on reform taken by the central authorities, and is also the main task facing the whole party and the people of the whole country.

Gu Jinchi stressed: In breaking through the difficult pass of price and wage reforms, we must seriously study and resolve well a number of issues:

1. Price and wage reforms must be carried out in a closely integrated and coordinated way, to ensure that the real income of the great majority of the masses will not decline on account of the price reforms.
2. Apart from creating an excellent economic environment, we must also create an excellent political environment.
3. Keep the party and government organs free from corruption, and oppose all phenomena of corruption.
4. It is necessary to grasp reform and opening up with one hand and ideological and political work with the other; we should not lay undue emphasis on either one of these two aspects at the expense of the other.
5. Gradually establish a new order of socialist commodity economy. [passage omitted]

Tibet Leader Stresses Economic Development
HK1707014788 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 16 Jul 88

[Excerpts] According to XIZANG RIBAO, (Ma Lisheng), member of the Standing Committee of the regional party committee, said at the regional meeting of prefectural and city party committee secretaries on 10 July

that speeding up the region's economic construction and promoting its economy is the mission entrusted by history to the leading cadres at all levels. [passage omitted]

He said that the general economic situation in the region in the 1st half of the year was relatively good. Total industrial output value from January to June was 68.85 million yuan, representing 39.1 percent of the year's target of 176 million yuan, and showing a rise of 48.3 percent over the same period last year. Road freight haulage amounted to 256.3 million tons, representing 37.1 percent of the year's goal, and showing a rise of 23.99 percent over the same period last year.

The agricultural situation is better than last year. The sown area of grain was expanded compared with last year, and there has been a big increase in the application of chemical fertilizer. [passage omitted]

Procurement of commodities for export from January to June amounted to 7.09 million yuan, an increase of 78 percent over the same period last year. Foreign exchange earnings from exports were relatively good.

The market conditions have been relatively good recently. The commercial departments have done a lot of work in organizing sources and ensuring supply. [passage omitted]

From January to June the region's net revenue was 21.65 million yuan. Calculating according to comparable headings, this showed a rise of 37.8 percent compared with the same period last year. Total expenditure was 44,124,000 yuan, representing 48.2 percent of the year's target, and showing a rise of 5.4 percent over the same period last year.

On a number of issues in economic work that need further study and resolution in the 2d half of the year, Comrade (Ma Lisheng) said: In order to get a better grasp of all work in accordance with the arrangements of the party committee and government, we must at present do a good job in the final-stage tending of agricultural crops, and in particular, take precautions against possible floods, frosts, and so on. [passage omitted]

On the market issue, he said: Most of the production and daily life materials supplied to the region's markets come from the interior. Chairman Doje Cering has made arrangements for these materials when inspecting work at Golmud. I hope that the departments concerned will take measures to ship in these materials as soon as possible. With regard to marketed materials that are produced within Tibet, such as beef and mutton, arrangements must be made ahead of time and sources of supply organized, to ensure the needs of production, construction, and people's daily life this year and next.

He said that the price issue is a very sensitive question of great concern to the masses. The government at all levels, especially the price departments, and the Lhasa

city government, must pay special attention to frequently checking on the market price situation and take steps to strictly ban indiscriminate and disguised price hikes, so as to maintain basic price stability.

In financial work, the region should further grasp the work of reducing deficits and increasing surpluses in the 2d half of the year. [passage omitted]

On further emancipating the mind, persevering in reform, and strengthening leadership, (Ma Lisheng) said: First, we must further emancipate our minds; second, we must deepen the reforms. The fundamental way for developing undertakings in Tibet and making its economy prosper lies in deepening the reforms. To speed up economic development, we must grasp reform as a task dominating the overall scene, be bold in exploration, and dare to undertake risks. We should continually emancipate our minds, deepen our understanding, and update our concepts in the course of reform.

We must strengthen leadership over economic work. To develop undertakings in Tibet and make its economy prosper, apart from support and help from the central authorities, more important, we must rely on the leading cadres at all levels to mobilize the masses' enthusiasm for developing production, and lead them to develop commodity economy and the productive forces.

Tibet People's Congress Meeting Concludes
HK1607013788 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 15 Jul 88

[Excerpts] The 4-day 27th meeting of the 4th Tibet Regional People's Congress Standing Committee concluded in Lhasa on the morning of 15 July. Lang Jie, vice chairman of the committee, presided at the concluding session. The meeting approved the draft rules of procedure for the regional People's Congress Standing Committee, the draft of the methods for the submission of bills, suggestions, and criticisms at the first session of the fifth regional people's congress, and the draft of the election methods to be used at the congress session. [passage omitted]

In his concluding speech, Lang Jie said: Thanks to the hard work and support of the committee members, the fourth regional people's congress has now completed its historic mission. I believe that, under the leadership of the CPC Central Committee and the regional party committee, the next regional people's congress standing committee will improve the style of leadership, keep in close touch with the masses, and strive to develop economic construction in the region, thus bringing about a new appearance to people's congress work.

Tibet Leader Stresses Public Order Work
HK1607011788 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 15 Jul 88

[Text] According to XIZANG RIBAO, the Lhasa city people's government convened a conference on security work on the afternoon of 14 July. Doje Cering, deputy

secretary of the regional party committee and chairman of the regional people's government, spoke on the current situation and existing problems in social order and on how to improve social order. Over 800 people attended the meeting including responsible comrades of units at and above county-level of Lhasa City, together with public security cadres and policemen of Tibet and Lhasa and security personnel of various units and departments.

Doje Cering pointed out in his speech that, taking an overall view, the public order situation in Tibet is basically good. However we must also clearly understand that there are also many hidden dangers and problems in social order. First, the number of cases in the organs at regional and city levels alone has risen, while the number of major cases has been unable to decline. Second, more crimes are being committed by personnel within the organs. Third, there are more drunken brawls, fights, and so on. Fourth, the gambling problem is quite conspicuous within the organs, especially in the enterprises and grass-roots units.

Chairman Doje Cering gave five views on how to promote social order:

1. Crack down hard on crime, make full use of the weapon of law, and adopt decisive measures to deal hard blows at criminal elements. This is the cardinal link in tackling the problem in a comprehensive way.
2. Take strict precautions against crime and maintain good social order. Cracking down and taking precautions should be closely integrated. We must institute the security responsibility system, and ensure that strict precautions against crime are firmed up in organization and force.
3. Get a good grasp of tackling the problem in a comprehensive way by mobilizing the masses and organizing mass precautions and measures.
4. Get a good grasp of legal propaganda and education.
5. Get a good grasp of ideological and political work.

In conclusion, Chairman Doje Cering stressed that straightening out social order is currently a focal point in work in Tibet. The leaders at all levels must fully understand the importance and urgency of this work and further strengthen their sense of responsibility. All sectors and individuals must shoulder their responsibilities.

During the meeting, Gyaincain Norbu, deputy secretary of the regional party committee, and (Zhaxi Dunzhu), vice mayor of Lhasa, spoke on the current situation in public order and on how to do a good job in this work in the future.

Tibet Commentator Urges Studying Qiao Shi Speech
HK1507140888 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 14 Jul 88

[Text] The following is an article prepared by the station commentator, entitled: Concentrate Our Efforts on Economic Construction.

The 3 day-long regional meeting of prefectural and city party committee secretaries conscientiously studied and discussed the spirit of an important speech made by Comrade Qiao Shi during his recent inspection tour of Tibet. Participants in the meeting held the consensus view: What is most important is that the spirit of Comrade Qiao Shi's speech has made clearer the guiding ideology for work in Tibet and stressed that Tibet must be kept stable and developed and must push every field of its work forward. To achieve this, the most fundamental thing is to do a thoroughly sound job in economic construction by developing the productive forces. Comrade Qiao Shi's important speech gave a clear orientation for work in Tibet, further defined many important policies and principles for our region, and affirmed what had been achieved in our region's work. At the same time, it highly praised vast numbers of cadres, PLA units stationed in Tibet and people of all walks of life and cherished high hopes on them. Comrade Qiao Shi's speech touches our hearts and is realistic, it also contains sincere words and earnest wishes, hits crucial points of our region's work, and fully accords with the reality in Tibet.

All participants in the meeting noted: We are now more clear-minded and more confident of doing a good job in economic construction and all fields of work. As early as at the 3d Plenary Session of the 11th CPC Central Committee, the party called for party committees at all levels to shift focus of their work to economic construction. The 13th party congress further defined economic development as the central task and adherence to the four cardinal principles and implementation of reform and the opening up policy as the essence of the party's basic line in the initial stage of socialism. In short, this can be interpreted as one center and two basic points, which were put forward in light of China's specific conditions and by summing up our country's most profound experience in carrying out socialist construction over the past 30-odd years, and also which fully accords with the reality in Tibet. For a long time the party Central Committee has paid special attention to work in Tibet and showed the utmost solicitude for the people of all nationalities in Tibet. In view of some special features of Tibet, the party Central Committee and all fraternal provinces, cities and autonomous regions of the country have vigorously supported our region in all its undertakings of economic construction with manpower and financial and material resources. The Tibetan people have profoundly experienced the care of the party Central Committee and the warmth of the great family of the motherland. We must affirm what Tibet has achieved in its work, as well as its expanded

production and its improved people's living standards. However, we must know distinctly that socialism in Tibet has been growing on the ruins of the feudal serf system. The economy in Tibet remains very backward and our cadres and people do not have a clear conception of commodity economy. All this, plus special geological and natural conditions in Tibet as well as many other factors, have greatly restricted and prevented the development of productive forces in Tibet, so then we must take the development of productive forces as an urgent, primary task ahead for us. This is a matter of prime importance which has a bearing on life and death of Tibetans, on long-term political stability in Tibet, and on the fundamental interests of the Tibetan people. We must therefore have a sound grip of the problem. Party committees and governments at various levels should pay close attention to the central task of economic construction and spend more time and concentrate more efforts on studying and discussing the strategic ideology, long-term planning, and major principles, policies and measures for our region's economic construction. At the same time, they should emancipate their minds, do away with all outmoded conventions and bad customs as well as erroneous concepts and vague ideas which hamper the expansion of productive forces, and foster the concept of commodity, the concept of information, the concept of education and the concept of value which conform to and promote the development of the socialist commodity economy. As a result, a vivid situation in which both cadres and the masses will all stress, study and pay attention to the economy will be gradually created so that our economic work will be more geared to actual circumstances in Tibet and conform better to the law of history, and we will be able to avoid detours and setbacks and attain a sound and steady development.

Our party and government attach great importance to the fundamental interests of the people and serve the people wholeheartedly. All of the economic construction we are carrying out is aimed at making our country strong, our nation prosperous and our people happy. This is in conformity with the fundamental interests of the people. The basic line of our party, be it remembered, is the mass line. Vast numbers of our cadres, and particularly leading cadres, should neither, at any time, forget the masses, nor should they harm and infringe upon the interests of the masses. We should not be divorced from the masses even for one second. At present most of our people are still not rich, cadres at various levels should always be concerned with the well-being and the weal and woe of the masses, and help the masses overcome difficulties and develop production of their own accord. From now on, when we approach all problems and examine work in all fields, we must first take the development of productive forces into consideration, and with this basic criterion in mind, we measure work of all areas and all departments and the performance of cadres at various levels so as to promote economic development.

Cadres and workers of all nationalities in our region, and particularly leading cadres, should conscientiously study

and comprehend the spirit of Qiao Shi's speech. They must unite as one and look forward, enhance the spirit of our nation, and concentrate all their energy on work of carrying out economic construction in Tibet in a down-to-earth manner.

Tibetan-Nepalese Talks on Cooperation Held
HK1507131088 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 14 Jul 88

[Text] On the afternoon of 13 July, Tibet regional people's government Vice Chairman Puqung held talks with the visiting Nepalese economic and trade delegation. Vice Chairman Puqung and Nepalese guests exchanged views in a cordial and frank atmosphere.

Nepal and China are good neighbors. China's Tibet Autonomous Region has established a friendly relationship of cooperation with Nepal. Over the past few years there has been a closer cooperation between the two sides in the fields of economy, trade, transport and tourism. It is hoped that both parties will continue to help supply each other's needs on the basis of the five principles, in compliance with the relevant agreements signed between the two countries and in line with the principle of equality and mutual benefit. Both sides should make allowances for each other's difficulties to promote such cooperation.

Speaking on the occasion, the Nepalese economic and trade delegation head (Sliska) pointed out: Our delegation has visited many places in Tibet, acquainted itself with many things, and acquired a wealth of experience and methods. All this is worth our using for reference and learning. Taking the opportunity, I wish to thank the chairman and vice chairmen of China's Tibet regional people's government and the Tibetan people.

Both parties also explored the possibilities of cooperation in the field of industry and animal husbandry.

North Region

Beijing Assimilates Imported Technology
OW1707053788 Beijing XINHUA in English
0738 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—Beijing has achieved progress in its efforts to digest and assimilate imported technologies in the past few years.

Advanced technology has been introduced from abroad for the manufacture of color television sets, refrigerators, washing machines, cassette recorders and cameras, according to today's "BEIJING SCIENCE AND TECHNOLOGY NEWS".

The paper quoted departments concerned as saying that in 1987 some 92 percent of the components for color television sets were manufactured domestically. The

figure was 100 percent for refrigerators and washing machines, 99 percent for cassette recorders, 80 percent for EK-series instruments and meters, and 71.8 percent for EF-3 cameras.

From 1979 to 1987, Beijing signed 1,390 contracts on import of foreign equipment and technology, worth a total of 1.45 billion U.S. dollars.

Such imports have helped the city to upgrade a large number of existing enterprises, raise their technical level and improve their competitive ability, according to the journal.

For example, the Beijing television plant can produce 93.4 percent of the components for its products, and exported 70,000 TV sets last year. This helps it save more than 30 million U.S. dollars a year from imports of components.

But, in 1981 when it imported a color TV production line, the plant could only provide 20 percent of the components, the paper said.

The Beijing-based Jeep factory, a joint venture between China and the United States, is expected to be able to manufacture 36 to 40 percent of the components for its products soon.

With advanced technology provided by the American side, the factory began exporting Jeeps in 1986.

Insurance Business Grows in Beijing
OW1507091988 Beijing XINHUA in English
0709 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—The insurance business in Beijing achieved a 55 percent increase in income of up to 180 million yuan during the first half of this year, as compared with last year's same period, according to today's "BEIJING DAILY".

To date, the Beijing Insurance Company offers 146 services, and more than 10,200 enterprises, 1.2 million families, 168,000 motor vehicles and 907,000 residents in the city have been insured with the company.

The total coverage amounts to 49.8 billion yuan, the paper said, adding that remarkable growth has been recorded in pension and life insurance policies.

Meanwhile, the company paid out a total of 31.48 million yuan for 2,086 claims during the January-June period, it said.

Beijing Suburbs Reap Third Bumper Harvest
OW1607114588 Beijing XINHUA in English
0656 GMT 16 Jul 88

[Text] Beijing, July 16 (XINHUA)—The suburbs of Beijing have yielded its third consecutive bumper grain harvest this summer since 1986.

The total output was 841 million kg, and the per hectare yield was 4,515 kg—10.8 percent and 9.5 percent, respectively, more than the figures for last year and both topping previous records for three consecutive years.

Since last year the suburbs of Beijing have introduced a series of measures to ensure the increase of grain yield, including implementation of intensive farming, reforming backward farming practices and employing more agricultural machinery.

Beijing Official Reports on Water Shortage
OW1707193488 Beijing XINHUA in English
1453 GMT 17 Jul 88

[Text] Beijing, July 17 (XINHUA)—China's capital city of Beijing is facing a more serious water shortage this summer than last summer, according to today's "GUANGMING DAILY".

The paper quotes Feng Yiqian, who is in charge of the city's water works, as saying that this year's daily water shortage in the city will be as much as 300,000 cubic meters.

Feng said that the city's daily water supply increased by 14.4 percent between [words indistinct] as against that of the same period last year. The supply reached 1.35 million cubic meters on June 11 but dropped by 210,000 cubic meters on June 14.

Beijing is one of the Chinese cities affected by acute water shortage and its water possession per person amounts to one sixth of the national average, and one 25th of the world's average, Feng said.

What is more, he said, the city's water resources have been on the decline in recent years because of excessive tapping and long [words indistinct].

For instance, he said, the 2.15 billion cubic meters of water in the Guangting and Miyun reservoirs accounts for 32 percent of their total holding capacity and a total of 2.5 billion cubic meters of underground water in urban areas has been overtapped with the water level [word indistinct] 40 meters in the center of the city.

The city authorities are urging people to economize on water, he said.

Beijing Tightens Air Pollution Control
OW1507090988 Beijing XINHUA in English
0801 GMT 15 Jul 88

[Text] Beijing, July 15 (XINHUA)—Coal smoke, the main source of air pollution in Beijing, must be brought under control by means of developing household gas and central heating systems.

This is included in the regulations for air pollution control in the capital city of China, which went into effect today.

The regulations also stipulate that no factories or enterprises are to pump into the air waste gas that exceeds the national air pollution control standards.

The regulations were enacted today, in line with China's law on the prevention and treatment of air pollution.

A commentary in today's "BEIJING DAILY" said that air pollution in some areas in Beijing is still out of control, though sustained efforts have been made and progress achieved.

The article attributed the serious air pollution in Beijing to the increased population and rapid urban development in recent years.

The article said that during the winter about 10,000 boilers and a million family stoves pump into air enormous amounts of soot and sulfur dioxide.

It called on residents and enterprises in Beijing to take responsibility for air pollution control in the capital.

Northeast Region

Heilongjiang Trade Delegation Leaves for USSR
OW1707121688 Beijing in Russian to the USSR 1800
GMT 15 Jul 88

[Text] A 5-man trade and economic delegation of China's Heilongjiang Province headed by Du Xianzhong, Heilongjiang vice governor, on 15 July departed Harbin, administrative center of Heilongjiang Province, for a 10-day visit of friendship in Khabarovsk Kray. [Harbin Heilongjiang Provincial Service in Mandarin reports on 15 July at 2100 that the delegation was made up of 10 people]

During the visit, the delegation will hold fundamental consultations with interested parties of the Soviet Union on questions of technical reconstruction in the sphere of labor services. The sides will also discuss the question of increasing the volume of trade.

It has been reported that in recent years Heilongjiang's trade with the USSR has developed relatively rapidly. This year, the total volume of export and import trade has reached 250 million Swiss francs.

Heilongjiang 1st Half Economic Achievements
SK1707115788 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 13 Jul 88

[Text] The provincial Statistical Bureau announced on 13 July the achievements scored by the province in economic and social development during the first half.

The announcement states: During the first half, our province achieved sustained, stable, and harmonious development in the national economy and somewhat increased its economic results. Currently major problems are that general social demand has surpassed general supply, that there exists a shortage in the supply of raw materials and a number of consumer goods, that the standard of commodity prices has never fallen after it had risen, that agricultural sowed acreage showed a decrease, that there was a increase in the release of currency, and that the actual wages of workers showed a decrease.

In the announcement, (He Qingong), deputy director of the provincial Statistical Bureau, stated: The first-half situation as a whole in the national economy was fine. The province realized 22.865 billion yuan in its total industrial output value, a 9.2-percent increase over the figure of the corresponding 1987 period. The output value of local industrial enterprises covered by the budget showed a 12.3 percent increase; their incomes earned in sales, a 21.9 percent increase; and their total sum of profits and taxes, a 19.2 percent increase. However, problems concerning the shortage of raw materials encountered by industrial production, of electric power, of funds, and of transport forces were relatively prominent. All of this brought an impact on the speed of industrial production and on economic results. Reforms inside enterprises and technical coordination were not perfect. The reserve strength of production development was not large. The backward situation in economic results was not fundamentally improved.

During the first half, the overstock of industrial products was more serious. The production cost calculated in term of comparable items showed a steady increase and the number of money-losing enterprises was large. The depressing state prevailed in one third of enterprises throughout the province. Almost 1 million staff members and workers throughout the province did not receive the subsidies for the price hikes on nonstaple foodstuffs.

During the first half, the market fluctuation was also larger. The general retail price index showed a sustained increase, which aggravated the residents' living burdens. During the first half, per capita income of urban people showed a 1.8 percent decrease because of the factor of price hikes.

Heilongjiang Discipline Commission Report
SK1707032088 Harbin HEILONGJIANG RIBAO
in Chinese 8 Jun 88 pp 3, 4

[Report on the work of the Heilongjiang Provincial Discipline Inspection Commission, given by an unidentified person at the sixth provincial party congress on 31 May 1988]

[Excerpts] Now I deliver a report on the provincial Discipline Inspection Commission's work over the past 5 years to this session for discussion.

The Main Work Over the Past 5 years [subhead]

Our provincial Discipline Inspection Commission was first elected at the fifth provincial party congress in July 1983. Over the past 5 years, under the leadership of the provincial party committee and the Central Discipline Inspection Commission, we conscientiously implemented guidelines of the 12th party congress; focused our work firmly around reform, opening up, and economic construction; safeguarded party regulations and laws; consolidated party style and party discipline; and fulfilled the following fields of work.

1. We helped the party committee to rectify party style and checked unhealthy trends within the party. [passage omitted] The province as a whole investigated and handled a host of problems. Among them, problems of appropriating public funds and property and of building private houses involved more than 5.09 million yuan, and problems of arbitrarily issuing bonuses and articles involved more than 44.39 million yuan. There were also problems of recruiting and transferring more than 14,900 personnel by violating policies and problems of establishing 1,194 enterprises by party and government organs and cadres. [passage omitted]

2. We strictly investigated and handled discipline violation cases and launched activities to deal strict blows to economic crimes.

In line with Comrade Xiaoping's directive that "to grasp spiritual civilization construction, party style, and improvements in social habit, we must start our work by grasping specific cases," we adopted the methods of sharing the responsibility with different levels, having leaders assume responsibility for the cases, and concentrating efforts on cracking major and appalling cases. During the past 5 years, discipline inspection commissions throughout the province investigated and handled 35,011 cases of party members violating discipline and took disciplinary action against 26,717 persons, of whom 3,324 were expelled from the party, 4,736 were placed on probation within the party, and 1,126 were dismissed from all posts within the party. These 3 kinds of heavy punishment were meted out to 34.4 percent of the total number of party members subjected to punishment, and 1,083 persons were held accountable by judicial departments for their criminal liabilities. While investigating

and handling cases of party members' discipline violation, all localities paid attention to investigating and handling cases involving leading cadres. The province as a whole punished 101 department- and bureau-level party-member cadres and 1,152 county- and section-level party-member cadres. [passage omitted]

Under the unified leadership of the party committees, discipline inspection organs at all levels maintained close coordination with the political and legal departments and conscientiously launched a struggle to deal strict blows to serious economic criminal activities. By the end of 1986, the province as a whole investigated and handled 32,433 cases of law violation in the economic sphere and punished 18,477 economic lawbreakers and discipline violators in line with the law. Of those punished, 5,008 received party disciplinary sanctions, accounting for 27.1 percent of the total number of persons subjected to punishment. More than 65.22 million yuan worth of illicit gains and articles were pursued. [passage omitted]

3. We actively served reform and supported and guaranteed its smooth progress.

In line with Comrade Chen Yun's directive that "the party's discipline inspection departments throughout the country should use their discipline inspection work to guarantee and promote the sound development of the reform of socialist economic and political systems," the provincial Discipline Inspection Commission issued three documents, one of which was a circular on "correcting party style and strengthening discipline to guarantee reform." It called on discipline inspection commissions at all levels to earnestly change the guidelines for their work, actively participate in and support reform, and become an important force in promoting reform. It also summed up and popularized in a timely manner the experience of eight units in promoting reform, including the experience of the Mudanjiang City Discipline Inspection Commission. Discipline inspection organs at all levels throughout the province did much to support and guarantee reform, organized discipline inspection cadres to go deeply to the forefront of reform to investigate and study new problems and situations, extensively conducted dialogue meetings and established contact points, helped reformers to eliminate difficulties, handled a number of cases of disrupting and undermining reform, and cooperated with relevant departments to set some specific policy bounds. [passage omitted]

4. We safeguarded political discipline and gave inner party supervision.

In order to guarantee that the entire party maintain ideological and political unity with the party Central Committee, discipline inspection commissions at all levels put the work of safeguarding the party's political discipline high on their agenda and conscientiously investigated and handled some cases of violating the party's political discipline, such as interfering with and

undermining reform; circulating obscene videotapes, books, and periodicals to create spiritual pollution; suppressing and dealing blows to intellectuals; and shielding the "three types of persons." [passage omitted]

5. We used positive and negative cases to give education on party spirit, party style, and party discipline.

Discipline inspection commissions at all levels coordinated with departments concerned to adopt various methods to conduct education on the party's ideals, purpose, line, principles, policies, basic knowledge, regulations, and laws in line with the party's central work, the building of the two civilizations, reform, and opening up and in the light of party members' ideological trends. During our educational work, we paid attention to fully displaying the discipline inspection commissions' superiority of handling cases in line with discipline and conducted education on party spirit, party style, and party discipline during the whole process of rectifying party style, correcting unhealthy trends, and investigating cases of discipline violation. [passage omitted]

6. We conscientiously handled people's letters and visits and protected party members' democratic rights.

During the past 5 years, discipline inspection commissions at all levels handled more than 350,000 appeals, letters, and visits from party members and the masses, of which 280,000 were letters and more than 70,000 were visits. About 90 percent of the cases were about exposing and informing against malpractices and violation of law and discipline by party members and cadres. Through strengthening the county-level discipline inspection commissions' work of handling letters and visits, most of the appeals from party members and the masses were settled at the grass-roots level. [passage omitted]

Work Experience Over the Past 5 years [subhead]

After 5 years of practice and exploration, we gained the following points of experience on how to grasp discipline inspection work and strengthen party style and discipline under the new situation of reform and opening up.

1. We must adhere to a correct orientation and actively serve reform, opening up, and economic construction.

To serve the party's basic line during the initial stage of socialism, discipline inspection work must focus on supporting and safeguarding reform and promoting the sound development of reform, opening up, and socialist modernization construction. During the past 5 years, we adhered to this orientation, enthusiastically supported reform, guaranteed the smooth progress of reform and opening up, instilled vitality into our work, accomplished a lot, and created a new situation in this regard. [passage omitted]

2. We must have leaders assume responsibility in handling cases and must conscientiously handle major and appalling cases.

Handling major and appalling cases is a breach at which we can correct unhealthy trends and is an important measure for strictly observing party discipline. If we fail to conscientiously investigate and handle cases of party members' violation of law and discipline, we are in no position to run the party with strictness. [passage omitted]

3. We must begin the work with leading organs and cadres and must have one level lead another level.

It is very important to strengthen party style, to run the party strictly, and to display the exemplary role of leading organs and leading cadres. The words and deeds of leading organs and cadres will have a great influence on the broad masses of party members and the masses. Only when they work honestly and justly can they correct unhealthy trends with perfect assurance and have one level grasp and lead another level. [passage omitted]

4. We must strengthen education on party spirit and inner party supervision and exert efforts to raise the quality of party members.

At present, many party members and cadres cannot stand the test of ruling the party and the test of reform and opening up. They have engaged in unhealthy trends and have even violated laws and discipline because their quality is low, their party spirit is impure, and they fail to firmly bear in mind the party's purpose of wholeheartedly serving the people. The fundamental way to solve this problem under the conditions of reform and opening up is to strengthen education on party spirit among party members and to strengthen inner party supervision. [passage omitted]

5. We must conscientiously implement the responsibility system and encourage the whole party to grasp party style. [passage omitted]

Heilongjiang's Sun Weiben on Police Forces Tasks
SK1707034488 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 13 Jul 88

[Excerpts] The provincial Armed Police Forces held a military review on 13 July to warmly celebrate the fifth anniversary of their founding. [passage omitted]

On 13 July the provincial People's Stadium was filled with a warm and enthusiastic atmosphere, and more than 20,000 spectators viewed the grand military review and police combat technical demonstration sponsored by the provincial Armed Police forces. [passage omitted]

Riding in an open car to review the police forces' troops were leading personnel from provincial-level organs, including Sun Weiben, Hou Jie, Zhou Wenhua, and Du

Xianzhong; (Wang Huaiyu), chief of staff of the provincial armed police forces; and Bai Jingfu, (Wei Guoqiang), and (Sun Zhongguo), leading personnel of the armed police forces.

Seated on the rostrum at the military parade were leading personnel from the provincial party committee, Advisory Commission, People's Congress, people's government, and CPPCC Committee; principal leading personnel from city-level organs in Harbin; and leading personnel from the provincial military district and the PLA units stationed in the province. [passage omitted]

After the military parade, Sun Weiben, secretary of the provincial party committee, and (Wang Huaiyu), chief of staff of the provincial Armed Police Forces, delivered speeches.

After citing in his speech the achievements scored by the provincial armed police forces over the past 5 years and the province's situation, Sun Weiben stated: [begin recording] It is our hope that all commanders and fighters of the provincial armed police forces will be able to remember well their historical mission; continuously implement the principle of running the armed police forces strictly; carry out strict training and management; set up strict demands; and catch up with new things, create something new, and be (?honest) and responsible for their work so as to steadily upgrade their political and military quality and their capability to respond to accidents rapidly. Efforts should be made to further enhance unity within the police forces and between the people and the Armed Forces; to maintain close ties with the government and the people; and to educate our cadres and fighters to be the generation's new successors with ideals, morality, and cultural knowledge and being well discipline so that they will be able to make due contributions with their model deeds to the great cause of conducting reform and opening to the outside world to make Heilongjiang Province prosperous. [end recording] [passage omitted]

After their combat technical demonstration, the stadium resounded with excited and strident martial music, and all spectators left the stadium wishing that the provincial Armed Police Forces will make still greater contributions to safeguarding the people's property and lives and the country's safety by successfully performing the duties of Armed Police Forces.

Heilongjiang To Receive Loan To Develop Daqing
OW1607225788 Beijing XINHUA in English 1446
GMT 16 Jul 88

[Text] Harbin, July 16 (XINHUA)—China's northernmost Heilongjiang [words indistinct] financial institution.

The long-term loan is for 36.15 million U.S. dollars and was arranged by the Harbin branch of the Bank of China and a Hong Kong [words indistinct] loan proceeds going to the Longxin Chemical Co., Ltd., a joint venture in Heilongjiang's Anda City.

The money will be used to build an ethylmethacrylate project with an annual capacity of 20,000 tons. This project, which will cost 191.9 million yuan (51.9 million U.S. dollars), is part of the Daqing Ethylene Plant's second phase construction.

The rest of the funds needed will be loaned by eight banks from Australia, the Federal Republic of Germany, Britain, Italy, Hong Kong, Japan and China.

The project is scheduled to be completed in 1990.

Jilin Holds Trade Fair in Soviet Union
SK1707052588 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 14 Jul 88

[Text] Jilin Province established direct trade ties with the Soviet East Sea Border Region in October 1987. In the latter half of June this year, a provincial economic and trade delegation visited Irkutsk Oblast, Siberia Region, and held the first exhibition of sample commodities, including more than 1,500 products of light industry, textile industry, and electronics industry and some daily industrial goods.

Representatives of departments concerned from Irkutsk Oblast, the East Sea Border Region, the Khabarovsk Border Region, and Leningrad City viewed the exhibition. All Soviet visitors to the exhibition paid obvious attention to the exhibited products and had strong interest in them. They directly asked our province to establish direct trade ties with them.

During the exhibition, our province signed contracts with the Soviet side regarding imports of urea, ammonium sulphate, zinc plates (?magnets), refrigerators, and pianos. In addition, our province also signed an agreement with Irkutsk Oblast on establishing direct trade ties and exchanging trade delegation.

The oblast Commercial Bureau and the Vladivostok City department store also signed an agreement with our province on establishing with our province a list of goods which are of interest to both sides.

Henceforth, our province will carry out overall barter trade with various regions and cities throughout the Soviet Union.

USSR Trade Delegation Ends Liaoning Visit
OW1607134888 Beijing in Russian to the USSR
1800 GMT 12 Jul 88

[Text] The trade and economic delegation of the USSR's Sakhalin Oblast headed by Konstantin Vladimirovich, deputy chairman (and acting chairman of the Sakhalin Oblispolkom), successfully completed its friendly visit to Shenyang, the (?base) of heavy industry in northeast China, and 13 July left Shenyang by air.

This delegation had arrived in Shenyang on July 5, at the invitation of the Shenyang City Committee for Foreign Economic Relations and Foreign Trade. During its stay in Shenyang, the delegation signed with interested parties of this city a number of agreements on economic and technical cooperation.

Konstantin Vladimirovich in his interview with a correspondent of our radio station said that thanks to constant increases in the trade and economic cooperation between the PRC and USSR, he is entirely confident in prospects for the trade and economic relations of Sakhalin Oblast and Shenyang City and even with other industrial cities of northeast China. He said that next year they will receive a trade and economic delegation of Shenyang in their home oblast. He also highly assessed the development of Shenyang's light and heavy industry.

Northwest Region

Gansu Leaders Report on Visit to Guangdong

Stress Discipline, Supervision
HK1707023788 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 16 Jul 88

[Excerpts] In their report on an investigation visit to Guangdong Province, delivered at the Gansu provincial work conference, Comrades Li Ziqi and Jia Zhijie proposed that it is necessary to refer tangibly to Guangdong's experiences on the question of how to do a good job in party discipline inspection and administrative and economic supervisory work in the new situation of developing commodity economy and promoting reforms and opening up.

They said: We must seriously improve supervision and inspection work, and resolve problems of failure to relax policies when these should have been relaxed and of failure to get a good grasp of things when we should have been strict. We must seriously solve bureaucratic work style and buck-passing problems in the leading organs, together with problems in the grass roots. [passage omitted]

They said: To enable Gansu to rise quickly amid competition and advance in big strides while overcoming difficulties, we must, like Guangdong, take attaining the

four modernizations and invigorating China as the spiritual pillars to arouse the enthusiasm and creativity of the whole body of the people, especially the party members and cadres. [passage omitted]

They said: We must do away with apathy and pessimism and encourage the spiritual atmosphere of making great efforts to advance and shake off backwardness. We must apply developing the productive forces as the fundamental criterion for unifying the thinking of people at all levels throughout the province and drawing together the forces of all sectors. We must tangibly strengthen and improve ideological and political work and consolidate and develop the political situation of stability and unity.

Stress Developing Hexi
HK1607020588 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 15 Jul 88

[Excerpts] In their report on an investigation of Guangdong Province, submitted at the Gansu provincial work conference, Li Ziqi, and Jia Zhijie pointed out that it is necessary to give priority to developing the Hexi region for some time to come. [passage omitted]

They pointed out that the food and clothing problem has now been greatly eased in many parts of eastern and central Gansu, and some peasant households have reached a certain level. Hexi has favorable conditions for key exploitation and priority development. If production in Hexi is improved, the province will be able to obtain more marketable grain there, and the area will play a decisive role in solving the province's grain shortage. [passage omitted]

In their report, Li Ziqi and Jia Zhijie proposed that it is necessary to change our concepts on the question of cadres and talented people, and mobilize and invigorate the province's talent. It will be hard to accomplish anything if we fail to do this. [passage omitted]

Shaanxi CPC Views Productive Forces Issues
HK1707052988 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 16 Jul 88

[Excerpts] The Shaanxi Provincial CPC Committee held a Standing Committee meeting on 16 July to study and discuss the productive forces criterion issue. The participants freely aired their views, focusing on what is the main obstacle to further emancipation of the mind in the province and on the main reason for the slow development of the productive forces.

The participants held: At present the reforms are developing in depth, and the situation is very good. However, the reforms are also encountering some difficult problems. It is very necessary to launch a mass discussion on the productive forces criterion issue at a time when we need to unify our understanding, get through the difficult passes, and carry out the reforms in depth. [passage omitted]

Some of the comrades said: In the past we spent too much time looking at the sky from the bottom of a well and indulging in idle theorizing, thus suffering from lost opportunities. This discussion must be integrated with emancipating the mind, with updating our concepts in viewing people and things, with resolving weak points and difficult problems in reforms, and with improving economic returns and speeding up the pace of reform.

The meeting held: The main obstacles causing slow development of the productive forces in Shaanxi are, as before, leftist thinking and old concepts. For a long time, in economic development we attached much importance to whole-people ownership and little to collective and individual ownership; we attached much importance to the development of large enterprises and enterprises under the central authorities and little to small and local enterprises; we attached much importance to growth rate and little to economic returns; and we pursued the idea of being large and complete, or small and complete. Ideologically, we were very deeply affected by the ideas of natural economy and product economy; we were scaled off, backward, and conservative, and lacked the idea of developing commodity economy. In our work, we were not creative enough and even less effective in acting ahead of others. The masses said that we were resolute in putting things right but weak in invigorating things.

Everyone expressed the hope that these problems can be resolved as a result of this discussion on the productive forces criterion.

On the question of how to ensure that this discussion truly attains the goal of integrating with reality and resolving the problems, the participants had the following views:

1. It is first necessary to resolve the problems of ideological understanding and of changing concepts among the leading cadres, especially senior leading cadres.
2. Establish correct criteria for viewing people and discussing problems, and be bold in employing cadres who have a strong sense of reform and the pioneering spirit.
3. Policy-making must be democratic and scientific; it should not be something only involving a few people who make all the decisions. We must do a good job in investigation and study and seek more advice from the masses.

Zhang Boxing, provincial party committee secretary, presided over the meeting. He stressed at the conclusion: We must correctly understand the situation in reforms and opening up and vigorously publicize the achievements of reform. We must also attach importance to the current problems existing in reform. Through this discussion on the productive forces criterion, we should be able to spur and speed up reforms in the province. In industry we must devote great efforts to improving

economic returns and promoting the township and village enterprises. In agriculture, we must study how to deepen the reforms, invigorate rural circulation, increase agricultural investment, and firm up measures for increasing production. We should both support the poor and assist the well-off.

We must pay particular attention to grasping education, science and technology, and talent, and to improving the quality of the staff and workers.

He said: We must take a correct view of modern youth. They have many strong points, and many miracles have been created by them. The whole of society must understand and care for the young people.

The provincial party committee's Standing Committee will continue to hold many discussions on the productive forces criterion issue.

Shaanxi Discusses Industrial Arrangements
HK1507001388 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 15 Jul 88

[Excerpts] The provincial government held a meeting to arrange industrial and communications production on 15 July, to report on the situation in the 1st half of the year and make arrangements for work in the 3d quarter. Vice Governor Wang Shuangxi spoke. [passage omitted]

Wang Shuangxi said that July, August, and September constitute the prelude to the 4th quarter, and are the period when electric power supply in the province is relatively abundant. This is the key period for promoting industrial and communications production. We must therefore seize the chance to work at full load and strive for high output.

Wang Shuangxi said: To strive for a relatively rapid growth rate under the premise of paying attention to economic returns, stability, and coordination, is the requirement of attaining the strategic goal of economic development, of enhancing people's capability to endure the reforms, and of making the people of the whole province rich as soon as possible. We must regard this as a major guiding idea in economic work, correctly handle the relationship between growth rate and economic returns, and strive for a growth rate with optimum returns.

Shaanxi City Police Breaks Narcotics Ring
OW1807045988 Beijing XINHUA in English
0146 GMT 18 Jul 88

[Text] Beijing, July 18 (XINHUA)—Police in Baoji City of northwest China's Shaanxi Province has ferreted out a narcotics trafficking case recently, confiscating 500 grams of heroin and arresting 11 people, "PEOPLE'S DAILY" reported today.

According the police, Chen Yunxi, an instructor officer of the Gansu Provincial No. 1 Group of prisoners sentenced to reform through labor, working hand in glove with ex-criminals Hu Zhaoming, Li Linxiang, and Hou Ruisheng, Song Sange, and Wei Zhenxing, purchased 4.5 kilograms of opium and processed them into 642 grams of heroin at the home of Wei Zhenxing in March this year.

The police caught five traffickers and seized the heroin at a hostel in Baoji City, and subsequently arrested the six people engaged in processing the drug in Gansu Province.

Xinjiang Governor on Opening to Outside World
*OW1807044088 Beijing XINHUA Domestic Service
in Chinese 0759 GMT 5 Jul 88*

[By reporter Chao Wen]

[Text] Beijing, 5 Jul (XINHUA) — At a briefing in Beijing yesterday on Xinjiang's economic and technological cooperation with the outside world, Tomur Dawamat, chairman of Xinjiang Uygur Autonomous Region, showed Chinese and foreign guests the remote border regions's determination to open itself by saying: "To revitalize Xinjiang's economy, we must open our gate to the outside world, open ourselves to both east and west, and strive to obtain more domestic and foreign cooperation and support."

Xinjiang's economy is now in good shape after more than 30 years of construction. Its value in agricultural output, national income, state revenues, and income of

rural people all (? tripled) in the past 9 years. To date, Xinjiang has established lateral cooperation with various provinces, municipalities, and autonomous regions throughout China. It has also established economic and trade relations with over 50 nations and regions of the world. The gross value of Xinjiang's foreign trade amounted to \$315 million in 1987. To date, Xinjiang has attracted investors from 21 nations and regions, and has established a group of "wholly-foreign owned enterprises, Sino-foreign joint ventures, and Sino-foreign contractual joint ventures." By the end of 1987, Xinjiang had absorbed \$97.8 million in foreign capital, or 1.5 times that used in the period of the "Sixth 5-Year Plan."

Chairman Tomur Dawamat indicated: In order to create a good investment environment for foreign investors and make full and flexible use of the state-approved nine-point preferential treatment, Xinjiang has formulated more flexible and preferential policies and measures regarding various tax exemptions, deductions, and other levies, to delegating more decisionmaking authority to "the three kinds of foreign trade enterprises," to the supply of energy and raw and semifinished materials as well as transportation, and to simplifying procedures for examination and approval.

The autonomous region also invited domestic and foreign investors to cooperate in 93 projects.

Present at the briefing were deputy chairmen of the NPC Standing Committee, including Zhu Xuefan and Liao Hansheng; State Councillor Wang Bingqian; and deputy chairmen of the CPPCC National Committee, including Fang Yi and Gu Mu.

KMT Congress Urged To Cooperate With Mainland

11 Jul LIAOWANG Article

HK1607080888 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 28, 11 Jul 88

[Article by Yang Yuanhu (2799 6678 5706): "Cooperation and Mutual Benefits, Unification of the Motherland, and China's Rejuvenation—A Message to the KMT's 13th Congress"]

[Text] The 13th National Congress of the KMT of China was convened in Taipei on 7 July. This was the first congress convened by the Kuomintang since the death of Chiang Ching-kuo, chairman of the Kuomintang. The people on the mainland and the island as well as also people overseas have similarly shown concern over this conference. They cherish great hopes that this conference will contribute to the stimulation of the development of the relations between the two sides of the strait.

In the past 1 and 1/2 years, the Taiwan situation and the relations between the two shores of the strait have undergone noteworthy changes. Pushed by the people, the Kuomintang authorities have dropped the curfew and lifted "a party ban" and "a newspaper ban." Meanwhile, it has taken certain measures to ease relations between the two sides of the strait. Since early last November, more than 100,000 Taiwan compatriots have visited the mainland to see their relatives. The approximately 40-year isolated state between the two shores of the strait has been shattered. Relations between both shores have begun to advance in the direction of dispelling antagonism and promoting mutual understanding. This change may have come unexpected to certain political observers.

The change is a result of a long period of effort on the part of the peoples on the mainland and the island as well as people abroad. It has been achieved under the impetus of the tides of history. Meanwhile, it is not unrelated to the Kuomintang leadership changes in the face of this situation. In his late years, Mr Chiang Ching-kuo said: "The era is changing. The environment is changing. The swift currents are changing." "New ideas and new ways" must be used to stimulate "reform measures." At last, "in deference to public sentiment and in line with the will of the public," he made a start of opening up by letting Taiwan compatriots go to the mainland to visit their relatives. People have also noted that since Chiang Ching-kuo passed away, the new leaders of the Kuomintang have continuously adhered to the stand of one China and opposed "independence for Taiwan." This stand or approach has been welcomed by the people at home and abroad.

Given the momentum of development in the relations between the two sides of the strait, public opinion on the island hoped that the Kuomintang decision-makers would go with the tide and draw up a mainland policy marked with "greater activism, greater initiative, greater

openness, and greater progress." But the "mainland policy program" just passed by the Standing Committee of the KMT Central Committee at the 13th Congress still adheres to the policy of the "three don'ts." There are still restrictions on economic, cultural, and personnel exchanges between the two sides of the strait, and they again failed to break away from "a sense of antagonism." Mass media on the island and abroad have criticized the Kuomintang's mainland policy for being "ostrich-like" and "lacking foresight," for "illogically making a dichotomous division between the government and the public," and for senselessly imposing controls on Taiwan compatriots returning to visit their relatives on the mainland. According to a report in the Kuomintang CENTRAL DAILY NEWS, "scholars at home and abroad have held the unanimous view" that the mainland policy of the Kuomintang "seems to be still on the conservative, prudent side."

Everyone knows that since 1979, the mainland has revised its policy toward Taiwan, thrown the gates wide open, and advocated the practice of "three kinds of communication" between Taiwan and the mainland, the start of negotiations between the Kuomintang and the Chinese Communist Party on an equal footing, and the use of the "one country, two systems" formula to bring about the peaceful reunification of the motherland. Our suggestion and a series of measures we have taken have produced ever more widespread effects at home and abroad. The flexible measures regarding the relations between the two banks were adopted by the Kuomintang authorities against such a backdrop. The mainland has all along assumed an attitude of greatly welcoming such a Kuomintang approach toward the improvement of the relations between the two shores. Early last November, the Kuomintang decided to allow some Taiwan compatriots to go to the mainland to visit relatives. A spokesman of the State Council immediately made a speech welcoming Taiwan compatriots to visit relatives on the mainland and offering to guarantee that people can come and go freely and to do everything possible to provide every convenience and care needed. Later, the General Office of the State Council promulgated measures to receive Taiwan compatriots coming to visit relatives on the mainland.

Now, the problem confronting the Kuomintang decision-makers is how to size up the situation and miss no chance in promoting the momentum of development in the relations between the two banks. To stay put or make a retreat—this is against the will of the people on both sides of the strait and also incompatible with the prevailing situation.

The "new mainland policy" drawn up by the Standing Committee of the Kuomintang Central Committee for the 13th Congress affirms the principle of "separation of officials and the public" in an attempt to make Taiwan compatriots' visits to mainland relatives, indirect trade links, and exchanges among the people in cultural, academic, physical culture, and other fields

serve the aim of a "political counterattack against the mainland." Well-informed people have already pointed out that this stereotyped "sense of antagonism" is far from compatible with the general trend in which the people on both banks of the strait hunger for a family reunion, for increased mutual understanding, and for reunification of the motherland!

Certain people of the Kuomintang regime may think that official adherence to the policy of the "three don'ts," rejection of the "one country, two systems" formula, and involvement in delaying peaceful reunification will give rise to a situation favorable to Taiwan. But will the development of the objective situation follow the logic subjectively projected by certain decision-makers of the Kuomintang? The ever-changing international situation and the complicated struggle between contradictions on the Island of Taiwan itself have in them destabilizing factors. What will be the effects that the changes and developments resulting from the openness and reform of the mainland have on Taiwan in the future? The reunification of the motherland is an inevitable trend in the development of history. A dilatory policy given such a trend helps nothing. It can only erode the people's confidence in the Kuomintang. The Kuomintang authorities should think twice.

The convening of the Kuomintang's "13th Congress" on such a date as 7 July is thought provoking. On 7 July 51 years ago, an anti-Japanese war broke out in China. After that, the Kuomintang and the Chinese Communist Party entered into cooperation for the second time. After 8 years of brave fighting, the Chinese people finally defeated Japanese imperialism and restored national independence and the territorial integrity of the motherland. Taiwan also returned to the fold of the motherland. The anti-Japanese war is a brilliant chapter in the contemporary history of China. This chapter was jointly written by the people of the whole country, with cooperation between the Kuomintang and the Chinese Communist Party. The historical experiences and lessons about the Kuomintang and the Communist Party cooperating twice only to end up with a breakup tell us that unity benefits both and disunity hurts each other. We must bear this in mind for all generations to come. Some foreign forces with ulterior motives are unwilling to see the realization of the great unity of the Chinese nation and the reunification of the great motherland. They hope to benefit from the division of our nation and our motherland. At a time when the relations between both sides of the strait have begun to be relaxed, we must raise vigilance against the intervention of certain foreign influences, and we must not harbor any illusions.

The peaceful reunification of the motherland is a firm and unwavering guideline of the Chinese Communist Party. The mainland sincerely wants to discuss with the Taiwan authorities and people of all circles the great plan of reunifying the motherland. If the leadership of the Kuomintang of Taiwan can clearly see the advantages and disadvantages and weigh the pros and cons, then

what it has to gain from the reunification of the motherland through peace talks will be not only an ability to maintain the existing system and way of life in Taiwan but also still faster development and still greater prosperity, with Taiwan and the mainland helping each other economically. Cooperation between the two shores will revitalize China. Our great motherland, with a time-honored civilization, the homeland of the Chinese people at home and abroad, will emerge in the East with such features as powerfulness, unity, and prosperity. Only this can fit in with the common and respective interests of the people on both sides of the strait and meet the expectations of the people of China at home and abroad in the reunification of the motherland, in line with the surging and irresistible tide of history.

CHINA DAILY Commentary

HK1607043188 Beijing CHINA DAILY in English
16 Jul 88 p 4

[By CHINA DAILY commentator: "New Moves in Taiwan"]

[Text] Taiwan's Olympic Committee announced on Tuesday that their athletes will compete in the 1990 Asian Games in Beijing. China's Olympic Committee promptly welcomed this decision of their Taiwan colleagues and pledged to provide the best possible facilities they can for the athletes when they come.

The Taiwan Olympic Committee made the decision in compliance with the policy adjustment made by the Kuomintang party in its 13th congress, which closed on Wednesday. The decision marks another step forward in relations between the mainland and Taiwan. Not only those in sports circles but also the people at large on the mainland look forward to warmly greeting the Taiwan athletes as beloved kinsmen when they come to the big sports meet.

The KMT congress made other revisions on its mainland policy. As a result, mainland citizens can visit ailing relatives or attend family funerals on Taiwan. Taiwan businessmen will be free to invest in the mainland indirectly and through third parties. And the ban will be lifted on the import of certain types of raw materials from the mainland.

The Chinese Government for some time has called for the resumption of mail, trade and transport links with Taiwan, but the KMT authorities on the island repeatedly rejected this. However, late last year, the mounting pressure by the people troubled with a longing to visit the mainland forced a change. Restrictions were eased and people in Taiwan began to be allowed to visit their relatives here. It is estimated that so far about 150,000 Taiwan residents have had reunions with their long-separated kin on the mainland. These visits have also promoted mutual understanding between the Chinese on both sides of the Taiwan Strait.

Last April de facto mail service also began, though on a restricted scale.

Early in July the central government made public preferential terms for Taiwan investment on the mainland, which have won positive response from business circles on the island.

All these developments which have taken place in a short period of time indicate that cutting off Taiwan, an integral part of China, from any connection with the mainland is against the interests and wishes of the people of the whole nation.

In light of these developments, the 13th congress of Kuomintang has drawn worldwide attention. While praiseworthy for advocating the principle of reunification with the mainland and repudiating any attempt at the secession of Taiwan, rigidity in stubbornly reiterating the so-called "no contact, no negotiation and no compromise" policy must be criticized.

Blood is thicker than water. Reunification of China is inevitable. People to people exchange in sports, culture, science and technology, tourism and trade will have a cumulative effect on the whole process. It is the popular desire of the people on both sides of the strait to realize reunification. And we hope the new KMT leadership will be wise enough to draw the correct conclusion from the latest developments and public opinion and adopt corresponding policies.

Three-No Policy Change Urged

OW1807015188 Beijing in Mandarin to Taiwan
0205 GMT 11 Jul 88

[From the "Talk on State Affairs" program]

[Excerpts] The Kuomintang opened its 13th National Congress on 7 July. It has been 7 years since the Kuomintang held its 12th National Congress, and great changes have taken place during the period. In particular, the death of Mr Chiang Ching-kuo in January of this year caused quite a shock in Taiwan. People have sensed that an era will soon come to an end.

Exchanges across the Taiwan Strait have been gradually increasing since Taiwan authorities lifted martial law in July last year, and then permitted new political parties, new newspapers, and visits by Taiwanese to their mainland relatives. This is an unstoppable trend. Changes in the past year in Taiwan exceed those in the preceding 2 decades.

On 2 November last year, Taiwan authorities officially permitted people to visit their mainland relatives, finally put an end to the 38-year-long isolation from people across the Taiwan Strait, and enabled people to realize their wishes of many years. At the same time, the visits have promoted nongovernmental exchanges between the two sides. Among the Taiwanese who came to visit

relatives on the mainland, artists gave art performances, held art exhibitions, or exchange art experiences with their mainland counterparts here. These activities have greatly promoted cultural exchanges between the two sides. In addition, sports, academic, scientific, and technological exchanges have increased. Economic exchanges between Taiwan and the mainland are also increasing. In particular, entrepot trade amounted to \$1.5 billion and set a record in 1987.

While exchanges across the Taiwan Strait are becoming more and more deep and active, we feel that they are still insufficient. Besides the policy of permitting people to visit their mainland relatives, Taiwan authorities have not done much in other respects. Most of the nongovernmental academic, scientific, technological, cultural, and art exchanges between Taiwan and the mainland are still indirect and are conducted in a neutral place. Not long ago, Taiwan authorities announced that Taiwan would not organize groups to participate in any international conferences or activities held in the mainland. The international symposium on contemporary Chinese literature held in Taiwan did extend an invitation to mainland scholars (Xie Mian) and Liu Zaifu, but they did not attend it because of political reasons. The present situation shows that most of the exchanges across the Taiwan Strait are passive, and they are not initial, organized, active and open activities. This is mainly because the Kuomintang does not abandon its three-no policy—the policy of no contact, no negotiation, and no compromise. They are pursuing the three-no policy in disregard of reality, and stubbornly taking an anti-communist stand, thus obstructing rapid and sound development in relations between Taiwan and the mainland. [passage omitted]

Considering old scores, we do not expect the Kuomintang to abandon its anti-communist stand overnight. In fact, it is unlikely that the 13th Kuomintang National Congress will make any breakthrough in this respect. However, we hope that the Taiwan authorities will have a sober and correct understanding of reality, and formulate a more enlightened policy towards the mainland. It should be a policy with the purpose of promoting the reunification of the motherland and stepping up exchanges across the Taiwan Strait, rather than a close-door, three-no policy, or one of going no further.

Listeners and friends, facts show that while the three-no policy is an obstacle to the development of relations between Taiwan and the mainland, it cannot resist the trend of three links [postal links, trade relations, and air and shipping services] and four exchanges [sports, academic, cultural, and scientific and technological exchanges] at all. More and more people will realize its irrationality and repudiate it. [passage omitted] Taiwan authorities should change their policy. [passage omitted]

Taiwan-Fujian Telephone Traffic Increases
OW1607114088 Beijing XINHUA in English
0700 GMT 16 Jul 88

[Text] Fuzhou, July 16 (XINHUA)—Long distance telephone traffic between Fujian Province, Taiwan and Hong Kong is up this year, a Fujian Provincial Bureau of Posts and Telecommunications official announced today.

According to bureau statistics, Fujian handled 36,000 calls dialed by Fujian residents to Taiwan during the first

half of this year, or 460 percent more than all the phone calls made to Taiwan in 1987, and also so far this year, 649,000 calls were made to Hong Kong, which is almost as many as last year's total.

According to the official, Fujian has imported computer-controlled telephone systems with a combined capacity of 62,500 lines, including 15,000 long distance lines to the province's major cities of Fuzhou, Xiamen, Quanzhou, Zhangzhou and Jinjiang prefecture.

Partial Cabinet Reshuffle Expected 'Soon'
*OW1607032788 Taipei CNA in English 0248 GMT
16 Jul 88*

[Text] Taipei, July 16 (CNA)—After deliberating the factors of stability and renovation, the top policy-making authorities have decided to partially reshuffle the cabinet, government sources disclosed Friday.

The sources said that President Li Teng-hui has started to discuss the cabinet shake-up with Premier Yu Kuo-hua and other ranking officials. If everything goes smoothly, the names of the new cabinet ministers will be announced shortly, they added.

Taipei Radio on New Central Standing Committee
*OW1707125088 Taipei International Service
in English 0200 GMT 16 Jul 88*

[Station commentary: "KMT Central Standing Committee Named"]

[Text] It is official now: The new Central Standing Committee of the Kuomintang, or Nationalist Party of China, represents many firsts in the party's history. The new committee was selected on Thursday by Party Chairman Li Teng-hui. All 31 members were chosen from the larger field of the Central Committee, which has 180 members. The Central Committee was democratically elected on Wednesday by delegates of the just finished 13th National Congress of the Kuomintang.

Among the firsts for this 13th Central Standing Committee is a woman member. Mrs. Shirley Kuo, a well-known economist and deputy governor of the Central Bank of China.

The Standing Committee also sports a Taiwan native majority for the first time ever. Sixteen of the 31 members are Taiwanese; the previous committee had 14 native islanders.

And last but not least, the Standing Committee received a hearty injection of new, younger blood. The average age dropped from 70 and 1/2 to 63 and 1/2. The average age of newcomers is 60, while that of those retired from the committee this time round was 77.

There were few other surprises in the makeup of the 13th Central Standing Committee. Two of the party's and nation's rising political stars, James Soong, a KMT deputy secretary general, and Frederick Chien, the Republic of China's unofficial ambassador to Washington, made it into the party power center. Soong is the youngest member at 46; Chien is 53. Both are well-liked, American-educated, Ph.D.'s. The new committee also has less military presence. The previous one had four generals; the new one has one less. Two newspaper tycoons, Wang Tih-wu and Yu Ching-chung, were not selected.

News about the Central Standing Committee was eagerly awaited by the public because of the committee's importance in running national affairs. Because the Kuomintang holds a majority of parliamentary seats, its central party organs and leadership is the source of most major policies.

In the past, the public has tended to look upon the Standing Committee as being too conservative and not youthful enough to handle challenges on Taiwan today.

The 13th National Congress held out a promise that was obviously kept, to rejuvenate the party leadership, to make it more forward-looking. As things turn out, most observers agree that the new committee is heavily weighted toward reform-minded leaders, including the Party Chairman and President of the Republic, Li Teng-hui.

The naming of the Standing Committee was the last order of business to come out of the party congress. Now the Kuomintang must get set to begin implementing the new platform, which voices a strong commitment to continuing the liberalization and reform process that is reshaping the social, economic, and political landscape of the Republic of China on Taiwan. The new Central Standing Committee is equipped to do just that.

ROK Criticized for Calling PRC 'China'
*OW1607104288 Taipei CNA in English 1509 GMT
15 Jul 88*

[Text] Taipei, July 15 (CNA)—The Republic of China will go through appropriate channels to express its displeasure and concern about the "unfriendly" behavior of South Korean Foreign Minister Choe Kwang-su, who addressed the Chinese communist regime as "China," Tzou Chien, ambassador to South Korea, said here Friday.

Answering a question from journalists before attending the conference of the chiefs of diplomatic missions, Ambassador Tzou said the Republic of Korea, apprehensive that North Korea might undermine the upcoming Seoul Olympiad, is currying favor with the Soviet Union and Communist China in an attempt to check North Korea.

"This is the reason why the Republic of Korea is being particularly friendly to the Chinese communists," he said.

Asked whether diplomatic relations between the Republic of China and South Korea are now in a critical phase, Tzou said it would be premature to speculate on the future development of the relationship between the two nations.

More on 'Unfriendly' Behavior
*OW1507160088 Taipei CNA in English 1524 GMT
15 Jul 88*

[Text] Taipei, July 15 (CNA)—The Republic of China will go through appropriate channels to express its displeasure and concern about the "unfriendly" behavior of South Korean Foreign Minister Choe Kwan-su, who addressed the Chinese Communist regime as "China," Tzou Chien, ambassador to South Korea, said here Friday.

Answering a question from journalists before attending the conference of the chiefs of diplomatic missions, Ambassador Tzou said the Republic of Korea, apprehensive that North Korea might undermine the upcoming Seoul Olympiad, is currying favor with the Soviet Union and Communist China in an attempt to check North Korea.

"This is the reason why the Republic of Korea is being particularly friendly to the Chinese Communists," he said.

Asked whether diplomatic relations between the Republic of China and South Korea are now in a critical phase, Tzou said it would be premature to speculate on the future development of the relationship between the two nations.

Taiwan Groups To Stay in Hong Kong After 1997
*OW1807084188 Tokyo KYODO in English 0808 GMT
18 Jul 88*

[Text] Hong Kong, July 18 KYODO—Organizations representing the Taiwan Government will remain in Hong Kong after the British colony is returned to China in 1997.

The Nationalist government in Taipei still regards itself as being at war with the communist party on the mainland.

At the Nationalists' recently completed 13th congress the party reaffirmed its policy of having no official contact with the Beijing Government but said that nongovernmental contacts, including indirect trade, could be expanded.

Britain is scheduled to hand over control of Hong Kong to Beijing in 1997.

Organizations representing the Taiwan Government will not withdraw from Hong Kong after 1997, the head of Taipei's Overseas Chinese Affairs Commission Tzeng Kuan-hsun was reported to have told the Hong Kong daily MING PAO in Taipei.

Among other organizations in Hong Kong, Taiwan has a trade development office and a tourist agency which performs the functions of a consulate issuing entry visas for the island.

Opening Up Quickens; No Decision on Beijing Games
*HK1607033088 Hong Kong SOUTH CHINA MORNING
POST in English 16 Jul 88 p 8*

[By Terry Cheng in Taipei]

[Text] The just formulated Kuomintang Government in Taiwan is attempting to speed up its opening to the mainland by administrative measures, to let mainland people visit Taiwan to attend funerals of blood relatives or attend to seriously ill relatives.

Minister of Interior Wu Po-hsiung, who is a re-appointed member of the KMT Central Standing Committee, yesterday instructed that the measures for such visits must be ready within one week and be presented to the Executive Yuan for approval, a ministry spokesman said.

The new mainland policy was adopted by the 13th Congress of the KMT this week after suggestions by delegates.

The Ministry of Interior hopes that the Executive Yuan will soon approve administrative measures on the relaxation of rules for Taiwan people to visit relatives on the mainland.

Before the 13th Congress, the ministry had already submitted to the Executive Yuan proposals for relaxation of visits to the mainland by Taiwan people. These include allowing people working in the government to visit the mainland.

The Executive Yuan could not approve the measures before the 13th Congress because the mainland policy had not been decided upon.

Meanwhile, an official of the Chinese Taipei Olympic Committee (CTOC) yesterday said the sports organization had yet to make a formal decision on sending athletes to compete in the 1990 Asian Games in Beijing, despite the open attitude of the ruling KMT.

The official said it was still too early to make a formal decision as it had yet to receive an invitation from the Olympic Council of Asia (OCA) for the event.

Earlier this week, in a press briefing on the KMT's new mainland policy, Mr Hsiao Chang-lo, head of the party's Mainland Affairs Department, said the question of whether to send athletes to the 1990 Asian Games would be left for the CTOC to decide.

Afterward, Mr Chang Feng-shu, president of the CTOC, said on his capacity as the head of the sports organization that he supported sending athletes to the event.

Mr Chang, who is a member of the KMT Central Committee, said according to procedures the decision had to be made by the executive committee of the CTOC.

An official of the CTOC told the SOUTH CHINA MORNING POST that his organization would not make a formal decision until an invitation from the OCA was received.

The OCA is the organizer of the Asian Games, while the mainland Olympic Committee is the host.

It is believed that there are practically no problems that will prevent Taiwan athletes from attending the Asian Games since the political hurdles have been overcome.

President Li Commends Diplomatic Mission Chiefs
OW1607033488 Taipei CNA in English 0236 GMT
16 Jul 88

[Text] Taipei, July 16 (CNA)—President Li Teng-hui Friday received 15 Chinese diplomatic mission chiefs who are taking part in a two-day conference in Taipei and commended them for their contributions to the Republic of China.

President Li pointed out that under no circumstances will the Republic of China change its basic policy of reunifying China under the three principles of the people. However, President Li said, the nation must take advantage of all favorable conditions to break out of its current diplomatic adversity. "We must adopt more aggressive measures to cope with our problems on a case by case basis," he said.

The president also offered an analysis of both the domestic and international political and economic situation and gave them his instructions.

Shen Chang-huan, secretary-general to the president, and Foreign Minister Ting Mou-shih were also present.

Premier Urges 'Flexible' Diplomacy
OW1607033188 Taipei CNA in English 0239 GMT
16 Jul 88

[Text] Taipei, July 16 (CNA)—The Republic of China will adopt "more flexible" and forward looking tactics to expand its foreign relations and break through its current diplomatic straits, Premier Yu Kuo-hua said in Taipei Friday.

However, in employing the tactics, the nation will never change its stand of remaining within the democratic camp or compromise its anti-communist cause, he said.

Premier Yu was addressing the conference of diplomatic mission chiefs at the Ministry of Foreign Affairs. The meeting, presided over by Foreign Minister Ting Mou-shih, was attended by some 40 people, including the three vice foreign ministers and 15 chiefs of diplomatic missions.

The Republic of China will demonstrate its strength, enthusiasm and sincerity when seeking to take part extensively in international affairs and activities. The new way to expand foreign relations, however, should not harm the nation's dignity and interests, Premier Yu said.

He urged ROC diplomats to step up their research in diplomatic affairs so as to counter the united front scheme of the Peiping regime in the international arena.

The chiefs of diplomatic missions who attended the meeting included ROC ambassadors to South Korea, Saudi Arabia, South Africa, the Holy See, Panama, and Paraguay.

The nation's representatives in the United States, Japan, the Philippines, Singapore, Malaysia, Indonesia, and West Germany also attended the meeting.

Economics Minister Li Ta-hai, Chairman Tseng Kwang-shun of the Overseas Chinese Affairs Commission and Director-General Shaw Yu-ming of the Government Information Office each gave a report at the meeting.

Alexander Cheng, director of the Department of Overseas Affairs of the Kuomintang Central Committee; and Hsiao Chang-lo, director of the Department of Mainland Operations of the same committee, also reported on the overseas and mainland situations.

After Foreign Minister Ting and Vice Foreign Minister Steven F. Wang reported on the nation's diplomatic policy and their work, the ambassadors and representatives took turns to report on the relations between the ROC and their resident countries.

Government To Exercise Caution on Mainland Imports
OW1507165488 Taipei CNA in English 1527 GMT
15 Jul 88

[Text] Taipei, July 15 (CNA)—Economics Minister Li Ta-hai said Friday the Government will closely watch indirect agricultural and industrial raw material imports from the Chinese mainland to prevent the imports from adversely affecting the Republic of China's economic development.

Li said the government will issue regulations stipulating which raw materials can be imported indirectly from the mainland so as to avoid confusion.

In addition, the minister noted, a monitoring system will be established to watch closely the volume and value of the imported mainland materials.

Under the monitoring system, quotas will be set for each item and import permits will be suspended when the import volume or value exceeds the quotas, reported Vice Economics Minister Wang Chien-shien.

The Board of Foreign Trade is drafting a list of raw materials that can be indirectly imported from the mainland for submission to the executive yuan for approval, Wang said.

Meanwhile, Minister Li reiterated that the Economics Ministry will approve the construction of two new naphtha cracking plants if the environmental evaluation reports say they will meet pollution control requirements.

Manufacturers Reluctant To Use PRC Materials
OW1807045088 Taipei CNA in English
0330 GMT 18 Jul 88

[Text] Taipei, July 18 (CNA)—Although the ruling Kuomintang approved a more open mainland policy during its just-concluded 13th national congress, most manufacturers in the Republic of China still hesitate to import industrial raw materials from the Chinese mainland, according to a recent survey by the Taiwan Iron and Steel Industry Association.

Most local downstream steel product manufacturers are not interested in importing mainland-produced crude steel or steel plates now that they have got accustomed to using high-quality steel produced by China Steel Corp. Or other Japanese and U.S. steelmakers, the survey said.

Even an upstream steel maker like China Steel Corp. is not interested in purchasing raw materials such as coal and iron ore that are needed in steel refining from the Chinese mainland, because Mainland China's foreign trade policy changes frequently and the quality of its products is uncertain, the survey said.

Chinese Petroleum Corp., which imports 350,000 barrels of crude oil a day, also has no plans to switch its purchases to the mainland because mainland oil production can hardly meet the needs of its internal market, while its crude oil is of poor quality, a CPC spokesman said.

Taiwan Power Company, the largest user of coal in Taiwan, is taking a wait-and-see attitude toward purchasing mainland-produced coal.

Hsu Chin-tang, a department chief of the state-run power company, gave three basic principles that would determine Taipower's major purchase programs: The supply must be stable, the price must be competitive and

the quality must meet its requirements. Hsu said he is afraid that Mainland China currently still cannot meet these three terms because of its low technology and sloppy management.

Taipei Views U.S.-PRC Weapons Dispute
OW1807053388 Taipei International Service
in English 0207 GMT 18 Jul 88

[Text] Taipei, July 17 (CNA)—U.S. Secretary of State George Shultz tried to talk some sense into Communist China's leaders on Friday, but to no avail. The point Shultz failed to get across to them concerns their advanced arm sales to Middle East nations.

The U.S. and other Western nations have expressed displeasure with Peking over the sale of Chinese Communist-made missiles to Iran, Saudi Arabia and now, perhaps Syria. For its part, Peking told Shultz it would not promise to end the sales.

Upon leaving Peking, Shultz said although there was no agreement to end the missile sales, the matter would stay on the front burner of talks between Washington and Peking.

In the past year or so, Washington has accused Peking of helping to escalate Middle East tensions by arming Iran with Silkworm missiles, and Saudi Arabia with medium range ballistic missiles. Last week, intelligence sources in the Middle East also brought to light negotiations between Peking and Syria for the same M-9 missile that was sold to Saudi Arabia. Peking says the M-9 is still in the testing stage and that production of the missile is nine months away.

But that did not keep Secretary Shultz from making the issue the top priority in his talks with Chinese Communist leaders. What worries the U.S. most is not the fact that Communist China seems bent on arming Israel's Arab neighbors, but that Communist China seems indiscriminate in its choices of buyers for its advanced weapons. Just in the past one or two years Communist China suddenly thrust itself onto the international arms market, selling to anyone who would buy. In the past, Communist China made do with small arms sales, basically in rifles and ammunition. But that has changed as Peking now is moving into the hi-tech arena with ballistic missiles and the like. This development has jolted the West because its interests are invariably divergent from those of Communist China in geopolitics.

Shultz, however, was not the only American official to express displeasure with Peking over the missile sales. On Friday, one hundred and thirteen members of the U.S.

Congress signed a letter threatening to downgrade sales of hi-tech items to Communist China if Peking goes ahead with the sale of M-9s to Syria. The members sent a cable to Shultz to voice their support for the administration's position. The congressional group was bipartisan. The congressmen accused Peking of showing blatant disregard for the implications of such a deal. They called it a grave mistake that would pose new dangers to Middle East peace.

In recent years, Western nations have raced to accommodate Communist China in an attempt to co-op Peking into the family of capitalist nations. That is a noble cause, indeed. But the arm sales problem points to the great risks involved: Communist China is still in many ways diametrically opposed to Western interests round the globe. As the 113 U.S. congressmen alluded to, Peking will have to make a choice between Western aid or continued arm sales to world hotspots.

Official Departs for U.S. Democratic Convention
OW1607045688 Taipei CNA in English 0315 GMT
16 Jul 88

[Text] Taipei, July 16 (CNA)—Wei Yung, chairman of the Research, Development and Evaluation Commission, left for the United States Friday to attend a Democratic Party seminar in Atlanta, Georgia on the 1988 U.S. presidential election.

Later, he will join the Democratic National Convention in Atlanta during which presidential candidate will be nominated.

Wei is making the visit at the invitation of former U.S. Vice President Walter Mondale, who is now chairman of the Democratic International Affairs Committee. During the meeting, the sponsors will arrange meetings for foreign dignitaries and U.S. Democratic leaders.

Kuomintang Vice Secretary General Ma Ying-jeou and legislator Chao Shao-kung were also invited to the meeting.

Hong Kong

Secretary Says Ours for Refugees Rests With SRV
HK1607044088 Hong Kong HONGKONG STANDARD
in English 16 Jul 88 p 2

[By Fiona MacMahon and Antony Cheeswright in London]

[Text] Hong Kong will stress that responsibility for the Vietnamese boat people crisis rests with the Hanoi government, the Chief Secretary Sir David Ford said yesterday. Sir David said that would be the crux of the message the Hong Kong delegation would be taking to Hanoi later this month.

His view was echoed by the British Foreign Secretary, Sir Geoffrey Howe in the House of Commons debate on Hong Kong. His message stated clearly that the Vietnamese boat people had no future in Hong Kong. Sir Geoffrey said there had been no significant slackening in the numbers of boat people arriving in Hong Kong, and the impact of the new screening policy was being studied with great care.

Sir David said the Hong Kong delegation to Hanoi would focus on drumming home to the Vietnamese Hong Kong's belief that a solution to the present situation lay with them.

"We believe that the solution to the problem is for them to make arrangements for their people to be returned," Sir David said.

The delegation will be led by the Political Adviser Mr Dick Clift who will be supported by the Secretary for Security Mr Geoffrey Barnes and a senior official from the Foreign and Commonwealth Office.

He did not rule out the possibility of financial incentives for the Vietnamese but stressed that it was "not a matter for the Hong Kong Government to raise."

Sir David was speaking after a tour of the Argyle IV temporary closed camp which is being used to accommodate over 1,700 refugees.

An informal UNHCR meeting with the six ASEAN countries and Hong Kong, represented by Refugee Coordinator, Mr Nigel French, will be held from July 18 to 19 before a scheduled UNHCR meeting with the Vietnamese authorities later in the week. The working meeting is expected to focus on repatriation, the logistics of screening and the Orderly Departure Programme.

Sir David said no final decision had been reached on any of the 100 Vietnamese boat people who had completed the initial stages of screening.

"It is a lengthy process that has to be done in great detail and very carefully in accordance with the UNHCR criteria," Sir David said when asked why only 100 had been questioned.

A total of 4,245 Vietnamese illegal immigrants have arrived since the screening policy was introduced a month ago, 12 reached the territory yesterday.

Sir David also visited the Green Island Reception Centre and the Harbour Reception Centre (two Hong Kong and Yaumatei ferries). He was accompanied by the Commissioner of the CAS [Civil Aid Services], Sir Roger Lobo and the Chief Staff Officer, Mr John Fortune.

After touring the camps and facilities run by the Civil Aid Services, the Auxiliary Medical Services, the Royal Hong Kong Regiment and the Auxiliary Police Force, Sir David praised "Hong Kong's volunteers" for their efforts. Sir David conceded that conditions were not excellent, a view shared by the refugees being held at Argyle IV.

Mr Hao Nguyen Van who arrived in Hong Kong a month ago from Hue in South Vietnam said the conditions in the hut were very difficult with 350 people crammed together side by side on the floor. Mr Hao said he had served in the 2nd Tank Battalion with the Americans from 1972 and explained that he tried to escape at least three times since the Americans left. He said he once managed to get his wife and three sons through Laos, only to be caught at the Thai border. He spent three years in prison for that escape.

Royal Navy Sends First Ships Home
HK1607044288 Hong Kong HONGKONG STANDARD
in English 16 Jul 88 p 3

[By Justin Dear]

[Text] The Royal Navy said farewell to two patrol vessels from the Hong Kong squadron yesterday morning as they left "HMS Tamar" for the last time to return to the UK. Officially termed a "routine adjustment to the strength of the garrison", the departure of "HMS Swift" and "HMS Swallow" marks the first major withdrawal of British forces from Hong Kong. The move reduced the squadron to three ships whose role is to patrol Hong Kong's waters in support of the marine police and Hong Kong Government.

The two departing ships, about one-third of whose 34-man crews are locally enlisted Chinese ratings, will arrive in the UK in mid-September after an eight-week trip. On arrival, the Chinese ratings will return to Hong Kong either on other ships or on military flights where they will be redeployed on other duties in "HMS Tamar." Some of the ratings will retire as the departure of the two ships reduces the need for locally enlisted personnel.

The two ships are due to be sold but there is no definite buyer yet, although several countries are known to be interested in the purpose-built vessels, including Brunei and Kuwait.

The symbolic nature of yesterday's departure was not lost on the military personnel and families standing on the quayside at "HMS Tamar" to wave good-bye. Several commented that this was the first tangible step in the gradual run-down of the garrison before 1997.

British Foreign Secretary Comments on Basic Law
OW1607012888 Beijing XINHUA in English
2346 GMT 15 Jul 88

[Text] London, July 15 (XINHUA)—British Foreign Secretary Sir Geoffrey Howe today expressed his appreciation for the Draft Basic Law of the Hong Kong Special Administrative Region, describing it as "a large and comprehensive document".

Opening a debate in the House of Commons this morning, he said that the Draft Basic Law "covers virtually all the provisions of the (Sino-British) Joint Declaration. Some of those provisions are included verbatim".

In 1984, the Chinese and British Governments signed the joint declaration under which China will resume the exercise of sovereignty over Hong Kong in 1997.

Over the past 2 years, mainland and Hong Kong members of the Basic Law Drafting Committee had worked together on the text of the draft law. Published in April this year to solicit opinions, the Draft Basic Law aims to ensure the continued prosperity of Hong Kong after 1997, in accordance with the joint declaration and in the light of China's "one country, two systems" concept.

The British foreign secretary said: "The process of public consultation over Basic Law being conducted by the Chinese authorities is thorough and painstaking."

"I confess that I find myself impressed by the openness of this procedure", he said, adding that this is because "the Chinese authorities have clearly recognised the need to retain the confidence of the people of Hong Kong in the drafting process".

"The same can be said of the present process of public consultation" after the Draft Basic Law was published for public discussion, he added.

Howe also said that he shared the view with the Chinese Government that there is still room for improvement in the text and that amendments will be made.

The foreign secretary said: "I hope and believe that the Chinese authorities will take careful account of all views expressed."

The British Government keeps in regular touch with the Chinese Government on the matter, he said.

"We are taking care to transmit to the Chinese Government views and concerns expressed by bodies and individuals in Hong Kong and here in the United Kingdom," he said.

Council Debate on Basic Law Shows Dissent
HK1607043688 Hong Kong HONGKONG STANDARD
in English 16 Jul 88 p 10

[From the "Opinion" Column: "Voice of Dissent Comes Through Loud and Clear"]

[text] The voice of dissent came through loud and clear during this week's two-day Legislative Council debate on the first draft of the Basic Law. This is not to say that the legislators were lacking in constructive ideas but on balance the draft certainly received more kicks than commendations. In an unexpected alliance, Councillors Lydia Dunn and Martin Lee seemed, for once, to agree that the draft would not serve Hong Kong's needs in 1997. Both legislators criticised the document for departing from the spirit of the joint declaration, and both agreed that considerable effort will have to be made to correct its obvious weaknesses.

This, of course, merely echoes some of the adverse comments that have already come from such important groups as the Law Society. Many observers have challenged the draft on theoretical and philosophical grounds. In a more practical vein, though, others have indicated that it may have failed a harsh but important test. It's a test that was applied during yesterday's house of commons debate by Mr Bernie Grant, MP for Haringay. "why is there a crisis with regard to emigration from Hong Kong," he asked, "if the Draft Basic Law is acceptable?"

In similar vein, Mr Patrick Maule, president of the Hong Kong Institute of Personnel Management, has described the Basic Law as "a unique opportunity to instil confidence" and, perhaps, put a halt to the so-called brain drain. By getting the Basic Law right, he said, we can help restore faith in Hong Kong. Noting that the facts of 1997 cannot be changed, he warned that many people will still leave Hong Kong no matter what steps are taken at this stage. At the same time, though, the "marginals," who are worried about their future rights, may be persuaded to remain here if satisfactory provisions are built into the Basic Law. In his own analysis of the situation, Mr Martin Lee has warned that more Hong Kong professionals and middle-class residents will leave the territory if the Basic Law does not deliver promises made in the joint declaration.

A survey conducted by Mr Maule's institute has revealed that many Hong Kong people who emigrated last year cited lack of confidence in the future as their main reason for leaving. The poll also found that the number

of emigrants returning represented 9.6 percent of the total departing. This contrasted, Mr Maule said, with British Foreign Secretary Sir Geoffrey Howe's recent "dismissive" comments about the brain drain problem. Mr Maule described Sir Geoffrey's claim that "large numbers" of emigrants are returning as "out of touch and wide of the mark."

During yesterday's house of commons debate, meanwhile, Sir Geoffrey sounded a note of cautious optimism. "There is scope for all Hong Kong people to make an input into the drafting process," he said. "I hope and believe that the Chinese authorities will take careful account of all views expressed. It is clearly in China's interest to get the Basic Law right, in order to maintain confidence in Hong Kong and secure its future beyond 1997. The Chinese know as well as we do that the success of the arrangements that are being made for Hong Kong's future depends on what Hong Kong people themselves think of them. So they will certainly want a Basic Law to emerge which can command the confidence and respect of people in Hong Kong and the wider international community."

Does this mean that amendments will only be made to the draft when discontent becomes sufficiently vocal and

strong here to exact concessions from China? Certain individuals and groups here have been extremely vocal in their opposition to various aspects of the Draft Basic Law. These critics are, however, a decided minority. The vast majority of local residents are anything but vocal. There is no magic wand that can be waved to convince such people of the importance of getting involved in the public debate on the Basic Law which Sir Geoffrey Howe has promised to follow closely. Some of those who have so far ignored the whole issue undoubtedly believe that the nine-year transition period to 1997 represents a long stretch of time. But time, like everything else, is relative. An ominous date is not as far away as it may seem. The message we must get across to the "don't knows" is that the question of Hong Kong's future is as urgent to them as the next day's wage packet. They have got to be convinced that unless they make their views known now, they are not going to get a chance to be heard in 1997. Maybe it is only China's willingness to bend and to seek the opinions of our lawmakers and law shapers that will convince the silent majority here that there is indeed hope for 1997 and beyond—and that we must press our collective case as vigorously as possible.

END OF

FICHE

DATE FILMED

19 July 1988

